

Saturday May 4 1996

Abu Dhabi D 8.50	Hong Kong HK\$ 2.5	Dubai CR 1.00
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Australia A\$ 2.00	India R 1.85	Poland Z 2.50
Bahamas B\$ 2.00	Iran R 9.50	Qatar Q 3.50
Bangladesh T 1.00	Israel N 3.50	Romania L 2.00
Belgium B 2.00	Japan Y 1.00	Saudi Arabia R 1.00
Bolivia B 2.00	Kenya K 1.50	Slovakia SK 2.00
Brazil R 2.00	Libya L 2.00	Slovenia S 2.00
Canada C 1.00	Madagascar M 2.00	Spain P 2.00
Czechia CZ 2.00	Malawi M 2.00	Sweden S 2.00
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Egypt E 2.00	Malta M 2.00	Taiwan T 2.00
France F 2.00	Mexico M 2.00	Thailand B 2.00
Germany D 2.00	Morocco M 2.00	Turkey TL 2.00
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Ireland I 2.00	Poland Z 2.50	Zimbabwe Z\$ 2.00

# The Guardian

Printed in London, Manchester, Frankfurt and Roubaix

NEWSPAPER OF THE YEAR 46,544

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The Guardian celebrates 175 years

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# Boom spectre raised as pressure builds on Chancellor to boost Tories

## Treasury fears rates cut

### Clarke told to hold off

Larry Elliott  
Economics Editor

**T**HE Treasury is raising the spectre of the Lawson boom in the late 1980s to warn the Chancellor, Kenneth Clarke, against further cuts in interest rates aimed at boosting Conservative fortunes after Thursday's battering in the local government elections.

Senior mandarins believe that the recent slowdown in the economy is merely a "growth pause" similar to that in early 1986, and that there is a risk of repeating the mistakes that led to the overheating of the economy in 1987 and 1988.

Mr Clarke is due to meet Eddie George, the Governor of the Bank of England, on Wednesday to discuss interest rates, amid mounting City speculation that the Chancellor will seek to cut the cost of borrowing for a fourth time since the Budget.

Officials at the Treasury and the Bank of England are wary about any further cuts in interest rates, arguing that it will take time for the previous reductions and last month's tax cuts to have their full impact on the economy.

However, they are aware that there is strong political pressure on Mr Clarke to restore momentum to the economy after the sluggish performance since the middle of last year.

After last year's elections, the Chancellor rejected the advice of every official present at the monetary meeting when he left rates unchanged at 6.75 per cent — a decision later vindicated by the deceleration in growth.

Despite the small improvement in the Government's electoral fortunes since last year's council elections, ministers are concerned that they are reaping only a slender political dividend in the fifth year of economic recovery.

Moreover, recent economic data has given Mr Clarke plenty of ammunition to push through an interest rate cut, with manufacturing output flat and growth running well below the Treasury's 3 per cent forecast for 1996.

But the Treasury is confident that higher consumer spending will lead to an acceleration in growth this year.



John Major in defiantly optimistic mood after Thursday's election drubbing as he meets children in Downing Street yesterday. PHOTOGRAPH: DAVID SILLITOE

## We can still win, defiant PM tells warring party

Rebecca Smithers  
Political Correspondent

**A**DEFIANT John Major told demoralised Conservative MPs and activists yesterday that there is still time to win the general election with his own economic policies and Tony Blair's mistakes — provided the Government can hang on to power until next May.

The Prime Minister's optimism in the wake of a humiliating loss of 573 seats in Thursday's local government elections prompted Mr Blair to accuse him of complacency while Paddy Ashdown pronounced the government dead on its feet.

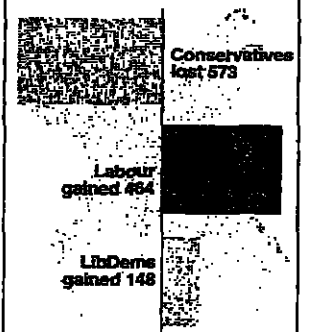
With all but a handful of Tory diehards now accepting that the results were not quite bad enough to trigger the predicted leadership crisis, ministers were taking some comfort from Labour's three point dip to 43 per cent of the vote this year. The Tories' share rose by two points to 28 per cent, but it was still their second worst performance in local election history.

"Labour should have done better. They've peaked," ministers claimed. Delighted by voters who had crossed straight from the Conservative camp to Labour, Mr Blair proclaimed the result showed that "steadily and surely we are building the bond of trust with the people". It was "a huge step on the road to victory at the next election".

The Liberal Democrats also had a good night, even better on their own assessment since — unlike Labour — they increased their share of the vote. With 147 gains they now control 55 councils —

### Gains and losses

Final local election seat changes



seven more than a week ago — and have more councillors than the once-mighty municipal Tories.

Last night they even claimed a Labour defection in Islington. Mr Blair's home patch.

Labour took 464 seats and control of 10 more councils plus the upper hand in Rochdale and Oldham, a key Lib-Lab battleground.

Mr Major admitted he was disappointed by results in which his party lost more than half the seats it was defending and was forced to give up control of symbolic strongholds such as Basildon and Peterborough, home of party chairman Brian Mawhinney.

Conservatives were also stung by a wipe-out on 30 councils, leaving a total of 50 — one in nine — without any Tory councillors. Big cities.

Turn to page 3, column 1

Leader comment, page 14; Letters, page 16; Hugo Young, Outlook Front

### Police chief warns of electronic underclass

Duncan Campbell  
Crime Correspondent

**A**N ELECTRONIC underclass, denied access to the super-highway society, is being created and could cause major problems of crime and disorder, a senior police officer has warned.

While the wealthy will be able to shop, bank, enjoy live entertainment and even vote electronically from home, an alienated group could haunt the wastelands of the future, suggests David Blakey, chief constable of West Mercia and secretary of the Association of Chief Police Officers' crime committee.

Writing in the latest ACPO journal, *Policing Today*, Mr

Blakey says that in the future the educated will have "the money, the means and skills to access any information in the world". But below that level an electronic underclass could be created.

"This underclass will be alienated, denied access to the new society because of lack of education and wealth," he says. "They will haunt the now empty shopping and entertainment areas, causing major problems for the police and for the rest of society."

That process is already taking place, he argues. "The Internet is presenting other problems for the police, he says. Shopping and banking on the Internet will attract fraudsters, thieves and money-launderers. But only a

small number of police officers are trained in detecting such crime.

"Recently on the Internet we have seen information about military bases in Northern Ireland and how to make bombs," says Mr Blakey. "The Internet presents the views of the zealot, racist or madman in just as well packaged a way as those of government agencies and churches."

Although legislation, such as the Computer Misuse Act and the Data Protection Act, already exists, more laws are likely to be necessary as use of the Internet expands. There have already been a number of successful prosecutions of paedophiles using the Internet.

### Cantona's attacker freed from jail after one day

John Duncan  
Sports Correspondent

**MATTHEW SIMMONS**, the football hooligan jailed for seven days for contempt of court after attacking the prosecuting lawyer, was freed yesterday after only one day because he was due to be released on Sunday and prisons do not discharge at weekends.

Simmons, aged 21, had been in court at Croydon, south London, on Thursday over the incident in which he was lunged at by Eric Cantona after abusing the Manchester United forward during a match at Selhurst Park. When the prosecutor, Jeffrey McCann, asked for Simmons



Matthew Simmons: serious contempt

to be banned from every football ground in Britain, Simmons attacked him. Simmons, who was fined £500 on a charge of threaten-

ing behaviour, was also sentenced to seven days for serious contempt of court. He was freed from Highdown prison in Surrey.

Under the 1982 Criminal Justice Act, anyone sentenced to more than five days who is due to be released on a weekend is instead released on the Friday before.

The Tory MP Lady Olga Maitland is to table Commons questions next week asking the Home Secretary, Michael Howard, how the procedures can be altered. Chief Superintendent Brian Mackenzie, president of the Police Superintendents Association, said the situation demonstrated the ludicrous way the criminal justice system was developing.

### Inside

**Britain**  
More than 5,000 jobs are to be axed as two of the best known insurance names merge to create a £6.3 billion giant

**World News**  
With a leadership soured by scandal and defeat, many African-Americans feel a white candidate may best help their interests

**Finance**  
New takeover frenzy gripped the electricity sector as Midlands Electricity said it was talking to unnamed bidders

**Sport**  
Five-times world snooker champion Stephen Hendry has one foot in another final after taking a 10-4 lead over Nigel Bond

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## The Guardian

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# 5,000 jobs go in shock city merger

Ian King

**M**ORE than 5,000 jobs are to be axed as two of the best known names in the insurance business merge to create a £8.3 billion giant.

Sun Alliance and Royal Insurance stunned the City yesterday when they revealed plans to join together to create Britain's biggest insurance group. In a bid to fend off competition from telephone-based newcomers like Direct Line.

The deal, which will see some 4,000 jobs cut from the Royal's head offices in London and Liverpool, and from Sun Alliance's regional head offices, with another 1,000 coming from foreign operations, was criticised by unions, which warned that thousands more jobs were at risk.

Alan Piper, assistant general secretary of the banking and finance union Biffu, said that thousands of staff at both companies now faced months of uncertainty.

Roger Lyons, general secretary of the MSF, said: "There has been no prior consultation. The 22,000 employees first heard of these draconian job losses over breakfast."

Michael Meacher, shadow employment secretary, called for inquiries by both the Office for Fair Trading and the European Commission into the proposed merger.

However, news of the merger, which will save around £175 million by 1988, was welcomed by the City, where shares in both companies soared. Royal shares closed up 67p at 457p, valuing the group at £2.9 billion, while Sun Alliance shares

jumped 55p to 414p, valuing it at £3.4 billion. Announcing details of the merger, Royal's chief executive, Richard Gamble, who becomes group chief executive of the merged business, stressed that most of the 5,000 jobs would go through natural wastage. "Most of the reduction will come from early retirement and a recruitment freeze."

Sun Alliance's chief executive, Roger Taylor, who will be executive deputy chairman of the new company, said that compulsory redundancies would be kept to a minimum.

Particularly threatened are staff working in areas where the Royal and Sun Alliance duplicate each other's activities, such as marketing, IT, claims processing, distribution and fund management.

News of the deal fuelled speculation in the shares of other insurance groups including Commercial Union, General Accident, and Guardian Royal Exchange, all of which are now expected to be involved in merger or takeover activity.

The industry has seen fierce competition over the last few years, due mainly to telephone-based newcomers which offer lower premiums through their low central costs and refusal to use brokers. As a result, several of the older insurance companies — the Royal included — have launched phone-based services.

Yesterday's merger brings together two of the oldest names in British insurance. Sun Alliance traces its origins back to 1710, while the Royal dates back to 1845.

**Money Guardian, page 21; City Notebook, page 22**



Tara Newley, presenter of the Evening Drive programme on Viva Radio, which has been bought by Mohamed Al Fayed's Liberty publishing group

PHOTOGRAPH: SEAN SMITH

## Al Fayed buys London's ailing Viva Radio for £3m

**Lisa Buckingham** on moves by the Harrods' owner to form a media group

**M**OHAMED Al Fayed, the controversial owner of the Harrods department stores group, yesterday agreed to pay £3 million to buy the ailing radio station Viva.

Fayed's determination to create a substantial media company. It is understood that his Liberty Publishing group plans a far greater level of speech programming and will be much less aggressively women-oriented. The Radio Authority has given the company permission to alter the programme format although it still insists that Viva should aim to satisfy an audience of women aged between 24 and 44. Although executives of Liberty declined to comment, it is thought that Lynn Franks,

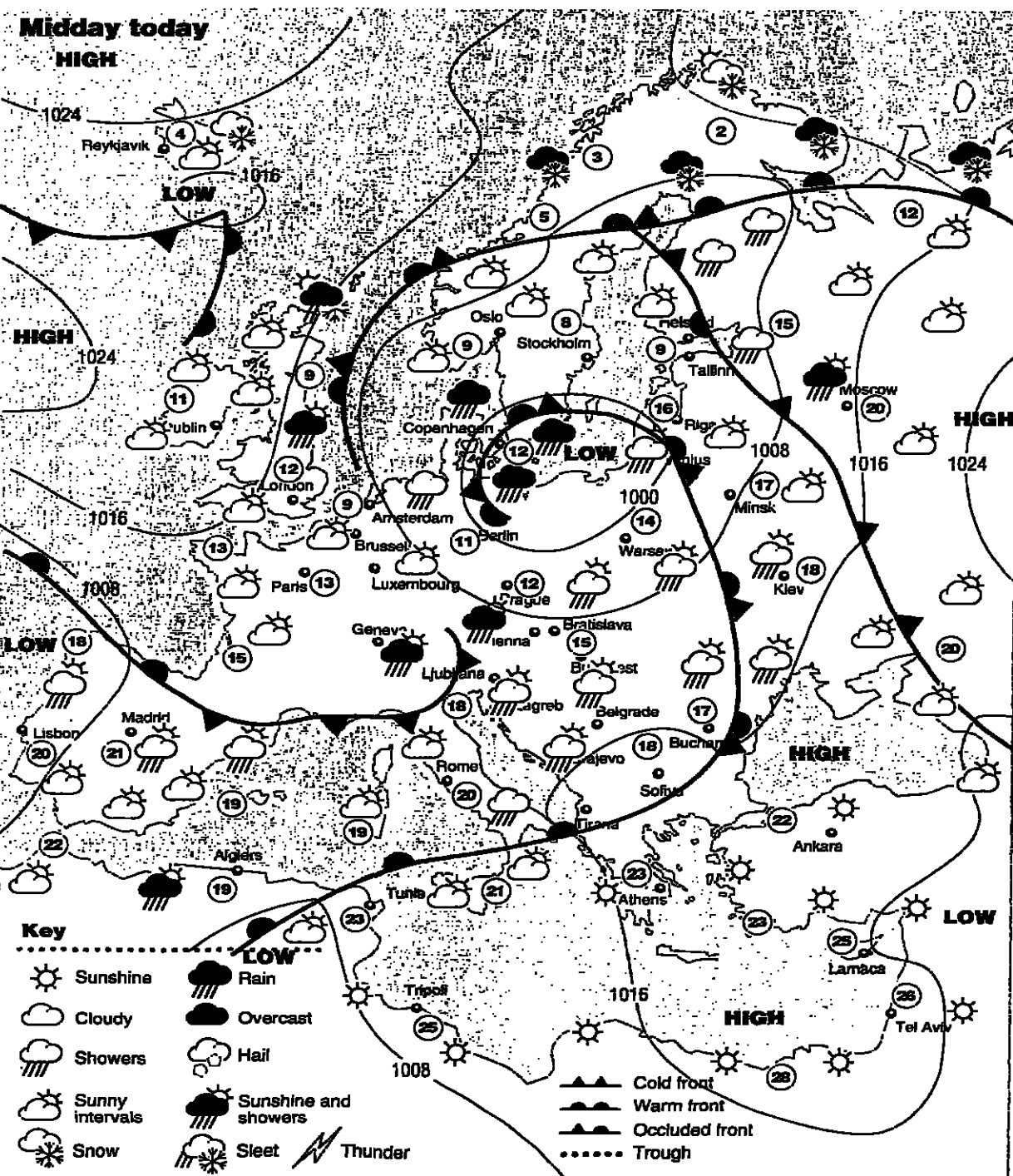
the chairwoman of Viva, will not be retained under the new regime and the radio station's women-dominated executive will be changed. There are no plans to have any women presenters. Instead, Viva appears to be intent on trying to create or buy "radio personalities" along the lines of the talk radio stars in America and Australia. Viva has already bought a now defunct radio station, Punch magazine, which will be relaunched in September. Mr Fayed also launched thwarted bids for the Today newspaper and the Observer.

The group was also said to have plans for its own Sunday newspaper which have now been called off. Viva, which has only 100,000 listeners, has been expected to have to invest millions to survive. Most importantly, it has suffered from the inability of large sections of the capital to receive its broadcast signal. John Dux, a former executive of Rupert Murdoch's News Corporation who is now chief executive of Liberty, admitted that transmission problems would have to be addressed. He said the company was

ready to invest heavily in programming and advertising to support a relaunch. Analysts estimate that the high profile launch of Viva cost about £1.5 million and Mr Fayed is expected to have to invest similar sums. Despite his failures to establish a corporate organisation in the City, Mr Fayed says he is determined to break into the mainstream of British media. It is understood that Liberty Publishing is looking at expansion opportunities in ITV and has ambitions elsewhere in radio and regional news-

paper publishing. Mr Dux refused to say how much the Harrods subsidiary had to spend on acquisitions. "Our budget will be determined by our opportunities," he stated. It is understood that Liberty will take advantage of tax losses at Viva in order not to feel the entire burden of its £3 million purchase up front. Golden Rose, the radio company which sold Viva, said it plans to invest this money to support its other stations, notably Jazz FM, in London which has an audience of about 1 million.

### The weather in Europe



Forecast for the cities

Today	max	min	weather	Tomorrow	max	min	weather
Algeria	20	11	S	25	14	F	
Amsterdam	12	9	S	14	6	F	
Athens	27	14	S	23	14	F	
Berlin	15	8	S	15	8	S	
Bombay	28	18	S	28	18	S	
Buenos Aires	18	8	S	18	8	S	
Cairo	24	13	S	24	13	S	
Geneva	15	7	S	17	8	S	
London	13	5	F	14	5	F	
Luxembourg	13	5	F	14	5	F	
Madrid	21	9	S	21	9	S	
Milan	19	11	F	17	10	S	
Nice	19	12	S	19	12	S	
Oslo	11	5	S	10	4	S	
Paris	13	5	F	14	5	F	
Rome	20	12	S	19	11	S	
Stockholm	11	6	R	10	7	R	
Tunis	23	13	F	23	14	S	
Vienna	15	7	S	15	8	S	

Around the world

Location	Temp	Wind	Pressure
London	10	SW 10	1015
Los Angeles	21	W 10	1015
Manila	27	W 10	1015
Moscow	10	W 10	1015
Mumbai	28	W 10	1015
Perth	18	W 10	1015
Shanghai	18	W 10	1015
Sydney	18	W 10	1015
Tokyo	18	W 10	1015
Wellington	18	W 10	1015

**European weather outlook**  
A cool and unsettled day with plenty of cloud, limited amounts of sunshine, and quite widespread showers. Some of the showers could be heavy and lengthy, particularly over Denmark and southern Sweden, and cold enough for snow in the far north. Max temp ranging from 4C in the extreme north to 13C in the south.

**Low Countries, Germany, Austria, Switzerland**  
A cool and showery day over Germany, eastern Switzerland and Austria, but it should be brighter elsewhere with fewer showers and more in the way of sunshine. Max temp 10-15C.

**France**  
One or two showers are possible over southern and eastern France but most places will have a fine and bright day with good sunny spells, although it will not be very warm. Max temp ranging from 12C on the north coast to 19C on the Mediterranean coast.

**Spain and Portugal**  
A bright day with a mix of sunshine and scattered showers. Most of the showers are expected over Portugal and southern and western Spain. Temperatures will be near or a shade below the seasonal normal. Max temp 17-23C.

**Italy**  
Mostly dry and bright with broken cloud, occasional sunshine and light winds, but one or two showers may well break out this afternoon, especially in the south and over the Apennines. Max temp 18-23C.

**Greece**  
Another dry, bright and very warm day in most places with harmless high clouds, pale blue skies and long sunny periods. Highs 21-25C with cooling sea breezes on the islands.

### Television and radio — Saturday

**BBC 1**  
8.15am News, 8.30am News, 9.00am News, 9.30am News, 10.00am News, 10.30am News, 11.00am News, 11.30am News, 12.00pm News, 1.00pm News, 1.30pm News, 2.00pm News, 2.30pm News, 3.00pm News, 3.30pm News, 4.00pm News, 4.30pm News, 5.00pm News, 5.30pm News, 6.00pm News, 6.30pm News, 7.00pm News, 7.30pm News, 8.00pm News, 8.30pm News, 9.00pm News, 9.30pm News, 10.00pm News, 10.30pm News, 11.00pm News, 11.30pm News, 12.00am News.

**BBC 2**  
7.00am Open University Child Development, 7.30am Open University Child Development, 8.00am Open University Child Development, 8.30am Open University Child Development, 9.00am Open University Child Development, 9.30am Open University Child Development, 10.00am Open University Child Development, 10.30am Open University Child Development, 11.00am Open University Child Development, 11.30am Open University Child Development, 12.00am Open University Child Development.

**BBC Prime**  
8.00am BBC World News, 8.30am BBC World News, 9.00am BBC World News, 9.30am BBC World News, 10.00am BBC World News, 10.30am BBC World News, 11.00am BBC World News, 11.30am BBC World News, 12.00am BBC World News.

**Radio 4**  
9.00am News, 9.30am News, 10.00am News, 10.30am News, 11.00am News, 11.30am News, 12.00pm News, 1.00pm News, 1.30pm News, 2.00pm News, 2.30pm News, 3.00pm News, 3.30pm News, 4.00pm News, 4.30pm News, 5.00pm News, 5.30pm News, 6.00pm News, 6.30pm News, 7.00pm News, 7.30pm News, 8.00pm News, 8.30pm News, 9.00pm News, 9.30pm News, 10.00pm News, 10.30pm News, 11.00pm News, 11.30pm News, 12.00am News.

### Television and radio — Sunday

**BBC 1**  
8.15am News, 8.30am News, 9.00am News, 9.30am News, 10.00am News, 10.30am News, 11.00am News, 11.30am News, 12.00pm News, 1.00pm News, 1.30pm News, 2.00pm News, 2.30pm News, 3.00pm News, 3.30pm News, 4.00pm News, 4.30pm News, 5.00pm News, 5.30pm News, 6.00pm News, 6.30pm News, 7.00pm News, 7.30pm News, 8.00pm News, 8.30pm News, 9.00pm News, 9.30pm News, 10.00pm News, 10.30pm News, 11.00pm News, 11.30pm News, 12.00am News.

**BBC 2**  
7.15am Open University Pure Maths, 7.45am Open University Pure Maths, 8.15am Open University Pure Maths, 8.45am Open University Pure Maths, 9.15am Open University Pure Maths, 9.45am Open University Pure Maths, 10.15am Open University Pure Maths, 10.45am Open University Pure Maths, 11.15am Open University Pure Maths, 11.45am Open University Pure Maths, 12.15am Open University Pure Maths.

**BBC Prime**  
8.00am BBC World News, 8.30am BBC World News, 9.00am BBC World News, 9.30am BBC World News, 10.00am BBC World News, 10.30am BBC World News, 11.00am BBC World News, 11.30am BBC World News, 12.00am BBC World News.

**Radio 4**  
9.00am News, 9.30am News, 10.00am News, 10.30am News, 11.00am News, 11.30am News, 12.00pm News, 1.00pm News, 1.30pm News, 2.00pm News, 2.30pm News, 3.00pm News, 3.30pm News, 4.00pm News, 4.30pm News, 5.00pm News, 5.30pm News, 6.00pm News, 6.30pm News, 7.00pm News, 7.30pm News, 8.00pm News, 8.30pm News, 9.00pm News, 9.30pm News, 10.00pm News, 10.30pm News, 11.00pm News, 11.30pm News, 12.00am News.

Handwritten signature or note in Arabic script.





Young fans clamour around seeking the autograph of star batsman Sachin Tendulkar as the tour opened at Osterley

# India's cricketers step forth from a Portakabin as the sport's best kept secret is revealed



Physio Dr D. Gogia and players look out from Indian Gymkhana's men's lavatory on a chill London morning

**John Duncan**  
Sports Correspondent

It has been one of cricket's best kept secrets. While most pundits will tell you that every touring team's first game is against Levensham, the Duke of Norfolk's XI in the heart of the Arundel countryside, with trees and castles and deckchairs. In fact for the Indian, Sri Lankan and Pakistani teams who come here the summer usually starts in a converted Portakabin toilet in Osterley, near Heathrow airport.

tesh, for whom a Liverpool FC bobble hat offered added protection from the cold. Indian Gymkhana — an Indian word meaning a place for sport, and has nothing to do with ponies and rosettes — are a tidy local league team, formed in 1916 after a group of maharajahs were turfed out of Hill Hill Park in Acton for not paying their pitch rental.

# Calls for landmines ban ignored

**Dawn Bennett Jones**  
in Geneva

TWO years of international negotiations ended yesterday with failure to secure a global ban on the use of landmines. Despite agreement on new restrictions, the United Nations secretary general, Boutros Boutros-Ghali, described the outcome as deeply disappointing.

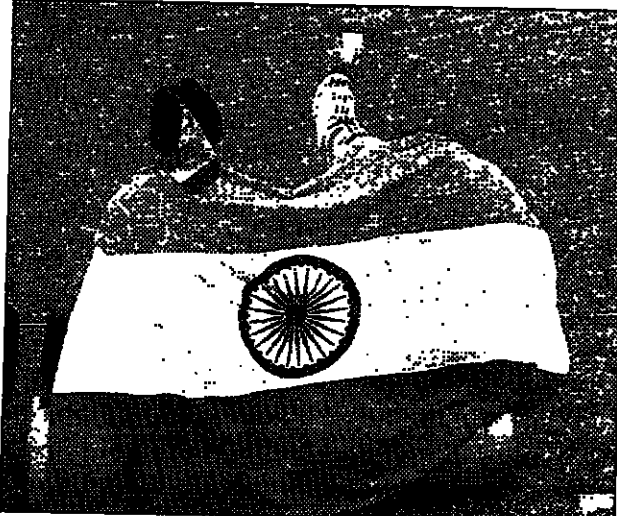
Working Group on Landmines — which includes agencies such as Oxfam and Save the Children — attacked it as a mine-layer's charter. However, Johan Molander, who chaired the negotiations, said the final text was a modest step towards a total ban. In nine years' time all landmines must either be clearly marked or fitted with a device making them self-destruct or deactivate within 120 days.

# BA jumbo flies to the rescue of stricken fishing boat off Maine

**Ian Katz**

THE crew of a British Airways jumbo jet flying from London to New York emerged as the unlikely heroes of a marine-rescue drama yesterday after helping to save the lives of three fishermen in trouble off the Maine coast.

stricken boat and a stewardess spotted a plume of smoke rising from the 42ft Isabel J, about 100 miles north-east of Provincetown. The pilot contacted the United States authorities and the men, Joseph Given, aged 37, Michael Pearson, aged 37, and Ernest Warren, aged 37, were later plucked from a life-raft by a coastguard helicopter. The men were said to be in good condition. A BA spokesman in New York said yesterday the jumbo had reached its destination only slightly delayed.



The Bhaiji Army... Jitesh Pattani and Mitesh Chandarana



# Defiant Major warns warring Tories to unite behind him

continued from page 1 including Oxford, Manchester and Newcastle, as well as key southern new towns such as Slough and Harlow, are "Tory-free zones."

Mr Major was asked during a BBC interview whether he would consider resigning. He said: "I am here and I am going to stay here right through the general election. I think we can win that general election. I am going to bend all my efforts to winning."

Mr Blair declared that Labour would continue to make more progress. "We are continuing to win support from new people in new areas," he said. "There are, quite simply, no no-go areas for new Labour."

Mr Major said the Government would launch a number of new policy initiatives — which are expected to include a crackdown on welfare cheats next week.

**"The Guardian has changed its mind more because times have changed — and sometimes the Guardian has helped to change them — than through instability of character," wrote historian David Ayerst. A 175-year retrospective**

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4 BRITAIN

2,000 schools could be targeted by inspectors

'Weak' schools face probation

Donald MacLeod Education Correspondent

MORE than 2,000 schools in England could be branded as having serious weaknesses under an inspection regime designed to target poor schools, the Office for Standards in Education announced yesterday.

term to see they have improved. Chris Woodhead, HM Chief Inspector, said it made sense to concentrate on unsatisfactory schools. "The national system of inspection has got to identify any school at risk of failing."

David Blunkett, shadow education secretary, said the reason for the changes was that Ofsted had missed its targets for primary and special schools. "Ofsted must now consider what local back-up support should be available to schools after an inspection."

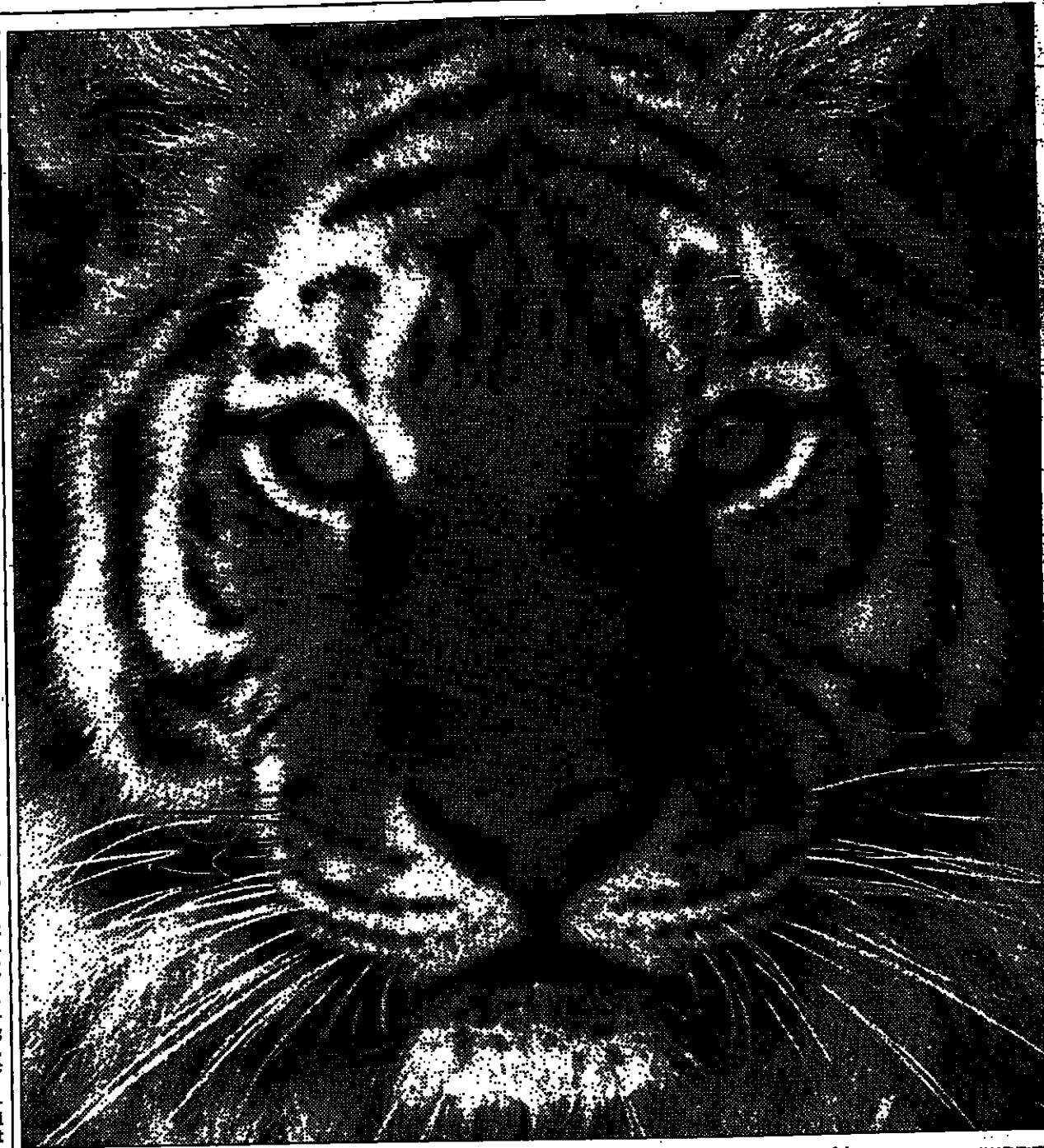
Teacher training college fails adequacy test

Donald MacLeod Education Correspondent

THE first teacher training college to fail an inspection by the Office for Standards in Education was named yesterday as Charlotte Mason College in Ambleside, Cumbria.

maths or to assess pupils and record their progress, inspectors found. Their report, which could lead to the Teacher Training Agency withdrawing accreditation unless improvements are made, has precipitated merger talks with St Martin's College, Lancaster, which was judged excellent by Ofsted.

schools, were not competent in teaching reading and had many weaknesses when assessing and recording pupils' progress, said the inspectors. In maths not enough attention was given to recycling gaps in students' knowledge, and time given to arithmetic was too short.



Tessa the troubled Esso tiger, whose owner insists on maintaining their 'mother and cub' relationship. PHOTOGRAPH BY GRAHAM TURNER

Row roars on over Esso tiger whose loving owner fears oil giant aims to break them up

Alan Watkins on a feline furore

THE tiger whose antics won a Bafta award and whose eyes confront motorists at 2,000 Esso filling stations in Britain faces an uncertain future as a dispute involving the oil company and her owner becomes increasingly bitter. Tessa, the cub featured in the award-winning Heart of the Engine commercial in 1992, now weighs 31 stone and although nearly adult is confined in a 20ft x 20ft space after being given an emergency home at the Chevington, Suffolk, headquarters of the Tiger Trust.

born. He claimed Esso told him to remove her after a vet on holiday in Devon wrote to Esso complaining about some of the conditions at the centre. Esso denies Mr Chandler's version and says the decision to leave was his. It also found the vet's complaints largely unjustified. The crisis came to a head with a critical Here and Now BBC TV programme last month. As a result the company announced it would offer £25,000 towards a permanent enclosure for Tessa - but no decision has been reached on its location. Mr Day said attempts to find a solution had been obstructed by Esso, which said at a meeting last week that restrictions would be placed on the type of publicity material used by the trust, with the right to veto anything the company did not like.

BUY NOW, NOTHING TO REPAY UNTIL NOVEMBER

Advertisement for Wickes home improvement products. It features images of a bathroom suite, a conservatory, and a kitchen. Text includes: '1/3 OFF ALL MANOR HOUSE BATHROOM SUITES AND TAPS NOW EXTENDED MUST END NEXT WEEKEND', 'MUST END NEXT WEEKEND', 'BUY NOW, NOTHING TO REPAY UNTIL NOVEMBER '96', 'UP TO 25% OFF CONSERVATORIES, MANOR HOUSE KITCHENS AND BEDROOMS', 'GUARANTEED FREE DELIVERY FROM 14 DAYS, 7 DAYS A WEEK'. It also includes a 'Wickes' logo and a call to action: 'CALL FREE NOW ON 0500 300 328 FOR A FREE COLOUR BROCHURE OR YOUR NEAREST STORE'.

Advertisement for 'the Idler' magazine. It features a cartoon illustration of a man's face. Text includes: 'the Idler', 'Can't Shag Won't Shag Idle pervasions', 'Dope Killers Assassins and Hashish', 'Alex Chilton in conversation', 'SUBSCRIBE TO The Idler, 6 bi-monthly issues replete with comforting and inspiring idle thoughts delivered to your door for only £10.', 'Call the credit card hotline on (0181) 299 7962 or post this coupon to: The Idler, FREEPOST M82018, Bromley, SE2 9BR.', 'I enclose a cheque made payable to The Idler for £... or debit my Access/Visa/Delta/Mastercard No: ...', 'Signature: \_\_\_\_\_ Expiry Date: \_\_\_\_\_', 'Mrs/Ms/Mr. \_\_\_\_\_ Address: \_\_\_\_\_', 'Postcode: \_\_\_\_\_ 100000'. At the bottom, it says: 'ISSUE 15 IS AVAILABLE FROM COMPTONHART, COMDEN, FORSBERG PLANET, NEW OXFORD ST, COVENTRY, EDINBURGH, GLASGOW, NEWCASTLE AND OTHER SELECTED BOOKSHOPS AND NEWSAGENTS PRICED AT 95p'.

Advertisement for Wickes. It features the Wickes logo and the text: 'Our philosophy is simple. We sell Wickes' branded products at low, low prices. Furthermore, because they are Wickes' own brand we can guarantee the quality of our products ensuring excellent value for money. You won't buy better than Wickes.', 'Wickes THE EXPERTS IN HOME IMPROVEMENT'. At the bottom, there is a small handwritten note: 'Handwritten note in Arabic script'.



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### US nun rallies Catholic right as cable TV prelude

Madeleine Bunting  
Religious Affairs Editor

**AN APPEARANCE** by America's top Catholic television evangelist at a rally in London today is being seen as likely to give an important lift to Catholic fundamentalists and anti-abortion groups.

Mother Angelica, a 73-year-old nun who is founder and head of the biggest religious cable network in the United States, is planning to launch the first Roman Catholic cable channel in Europe. Her Eternal Word Television Network has 43 million viewers in 21 countries, and an annual donated income of \$3 million.

Her visit and her plans



Rallying call: Mother Angelica, William Oddie (top left), and Cardinal Basil Hume

for expansion are viewed with alarm by the Catholic hierarchy in Britain. In her twice-weekly shows, Mother Angelica Live!, she inveighs against the liberal establishment and feminists whom she alleges are destroying the Catholic church, and has repeatedly come into conflict with the US National Conference of Bishops.

Two thousand Catholics are expected to attend today's rally at Central Hall, Westminster, including pro-life groups active in demonstrations at abortion clinics, and several traditionalist groups such as Pro Ecclesia et Pontifice and the Latin Mass Society which advocates strict obedience to the Papacy and monitor teaching on con-

ception and Aids. It is a measure of the power of this wing of the church, and the favour they find in Rome, that Cardinal Basil Hume is to address the rally. The columnist, William Oddie, credited with leading the opposition to Lord Mackay's divorce bill, is to chair the meeting.

Mother Angelica is the star attraction because of her meteoric rise from being a nun in Our Lady of Angels, Birmingham, Alabama, to media celebrity. Her half-hour chat show attracts an average of 24,000 callers.

"How long must we put up with this, endure and suffer as we see our lovely church little by little taken from us?" she asks on one of her live shows.

"We have been commissioned by the Lord to stand tall and defend the truth. How many Catholic schools don't teach the true catechism?"

In the 15 years since she launched her network, she has outmanoeuvred the official Catholic cable channel sponsored by the American bishops. Eternal Word broadcasts a round-the-clock diet of church visits, lives of the saints, and masses. A news operation is to start in the autumn.

"EWTN has succeeded because it has always relied on God's providence. The vision was given to Mother, and the souls of her viewers are being nourished. She has popular appeal because of her faith and she is very humorous," said a spokes-

woman for the network, Marynell Ford.

The fact that the network manages without advertising or subscription income will be watched by other Christian broadcasters such as Ark!, due to launch in the autumn, and the evangelical Christian Channel, already on air three hours a day.

Both have had difficulty raising funds, a problem which Mother Angelica has sidestepped in the United States where cable companies carry her channel free because it brings in viewers.

With its running costs covered by American donations, the network could pioneer the first 24-hour Christian cable company in Europe.

### Image of young Afro-Caribbeans 'is now history'

## Whites use drugs more than blacks

David Brindle, Social Services Correspondent

**DRUG** use is "substantially higher" among young whites than among blacks of the same age, a government report said yesterday.

An upsurge in drug-taking among whites in their late teens and 20s means the image of Afro-Caribbeans having the highest drug use is "passing into history", the Home Office report said.

Although only 22 per cent of whites aged 16-29 say they have taken drugs, compared to 25 per cent of Afro-Caribbeans of the same age, the figure rises to 43 per cent of whites aged 16-29, compared to 34 per cent of Afro-Caribbeans.

The report is one of two official studies published yesterday. Both show that some four in 10 young people have taken at least one drug.

The study differentiating drug use by race is based on the 1994 British Crime Survey and covers almost 10,000 people aged 16-59. It suggests that only with the hardest drugs - heroin and crack - do young whites still have lower rates of use than their black and Asian counterparts.

While 34 per cent of whites aged 16-29 had smoked cannabis, only 27 per cent of Afro-

Caribbeans of the same age had done so; similarly, 14 per cent of young whites in that age group had taken amphetamines, compared to 8 per cent of Afro-Caribbeans.

Heroin and crack use was found to be particularly high in the Pakistani and Bangladeshi communities, with 4 per cent of those aged 16-29 having taken heroin, and 3 per cent crack.

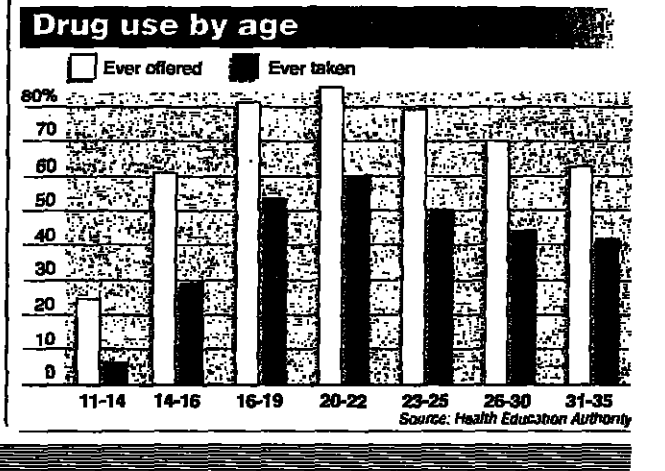
Overall, the authors say, drug use is higher in inner cities; in areas with youthful populations; among poorer, unemployed and single people, and among those who visit pubs or clubs or spend a lot of time away from home.

In the 16-19 age group, 46 per cent were found to have used drugs; 20 per cent in the previous month.

The second study, for the Health Education Authority among almost 5,000 people aged 11-35, found 45 per cent had taken a drug at least once, and 15 per cent had in the previous three months.

As in the other survey, cannabis was the most commonly used drug. Thirty-seven per cent said they had smoked it at least once and 70 per cent had been offered it or other drugs.

Although only 7 per cent of the total sample said they had used ecstasy, that rose to 15 per cent among those aged 20-22 - of whom 64 per cent had been offered it.



### New fear over BSE transmission to calves

Owen Bowcott and Stephen Bates

**THE** Government's attempt to control the BSE crisis suffered a fresh setback yesterday in the face of mounting fears that the disease could be passed from cows to calves.

With the Ministry of Agriculture Fisheries and Food facing a barrage of criticism from farmers over its slaughter programme, British meat dealers launched a legal challenge to the European Union ban on beef product exports.

The latest dispute over what is known as maternal transmission was provoked by publication of Scottish Office advice to farmers

which said that if infection was being passed from animal to animal, it was "not at any significant level".

The Liberal Democrat spokesman on rural affairs Paul Tyler said the admission that BSE could be passed on questioned the validity of government proposals to remove cattle more than 30 months old from the food chain.

But as the cull began yesterday, with 100 cows slaughtered at a Scottish abattoir believed to be the first victims, the ministry insisted it had not altered its view that there was no conclusive evidence of the disease being transmitted from cow to calf. The study into maternal transmission, to be published next year, has not been brought forward, a spokesman said.

The European Union's worldwide export ban on British beef was challenged in the High Court yesterday by the National Farmers' Union and the International Meat Traders' Association.

Mr Justice Turner certified "a question of law", forcing the European Court of Justice to rule whether the ban imposed by the European Commission was "disproportionate" and a misuse of power.

In Brussels, veterinary experts announced yesterday that they would not consider any relaxation of the ban on beef by-products such as tallow, gelatin and semen.

### ADVERTISEMENT FEATURE

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## Looking out for a painless way to save?



Richard Branson and "Tracker" scan the horizon for hassle-free savings

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**T**HE company's first product - an index tracking Personal Equity Plan (or PEP for short) - was created as a result of Richard Branson's frustration with the financial services industry. "I read the personal finance pages for 20 years but could never find consistently good performance or fathom out all the meaningless jargon," explains Branson.

**Jargon free zone**

1 PEPs should be an integral part of most people's financial plans. But Virgin felt that their potential had never been realised - mainly because of their packaging. "We researched nearly 1,000 PEPs and then designed one to beat them," adds Branson. "We found that the majority of people were simply put off by the way PEPs were shrouded in meaningless financial jargon."

Within a year of launch, Virgin's no-nonsense financial revolution had attracted over 50,000 savers looking for a well-balanced, conservative approach to stock market investment rather than chasing the thrills and spills of a speculative investment strategy.

**On the right track**

2 Virgin's strategy is completely straightforward. It doesn't rely on costly, fallible fund managers attempting to guess which shares will perform best. The Virgin Direct PEP tracks the FT-SE Actuaries All-Share Index, which covers more than 900 of the largest companies quoted on the London Stock Exchange.

**Simplicity**

3 Tony Wood of Virgin Direct picks up the story: "We've made it incredibly simple for individual investors to participate in the returns of the stock market while spreading the risk. The easy option is to leave spare cash in a current account, earning a pitifully low rate of interest. Most of us just can't be bothered to go through the hassle of looking for a better home for our savings, even though we know that it's the sensible thing to do. With history showing that shares tend to provide better returns than other types of investment over five years or more, our Growth PEP gives everyone the chance to reap the rewards!"

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When Virgin Direct asked people who usually had spare cash in their current account at the end of each month why they weren't making more of their money, the answer was no surprise: "Saving is boring!"

That's why Virgin Direct has put so much effort into making the normally tedious and complicated process as easy and painless as possible.

"Basically, we've designed our regular savings PEP for people who know they really should be saving, but have never quite got around to doing anything about it!" says Tony Wood.

- What's a PEP?**
- Personal Equity Plans were designed as a Government savings incentive.
  - They are based on investment in the stock market.
  - Any profit from a PEP is entirely free of tax.
  - You can save up to £6,000 in a general PEP each tax year.
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'At Virgin Direct, we've always had one single-minded aim: to offer straightforward, good quality products at the lowest possible price. We will not compromise on performance or customer service - and we refuse to have anything to do with salesmen and their outrageous commissions.'

Richard Branson

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New prime minister pledges to purge corruption

# Aznar prescribes austerity for Spain

Adela Gooch in Madrid

**S**PAIN'S new conservative prime minister, José María Aznar, yesterday outlined a tough programme of financial austerity, less bureaucracy and greater backing for business aimed at meeting the European monetary union targets.

Mr Aznar, leader of the centre-right Popular Party (PP), insisted that some key institutions, including the legal system, state television and civil service, needed to be changed to fight corruption and safeguard democracy.

Mr Aznar is to be voted into office today, with Catalonia, Basque and Canary Island MPs providing the majority he needs to achieve in the general election on March 3.

In a parliamentary debate, Mr Aznar said his priorities would be to slash spending and encourage growth as first steps towards reducing unemployment — the highest in the European Union — and to curb the budget deficit.

He insisted he would protect the welfare system guaranteeing health care and pensions. But his references to privatisation, tax reforms, and changes to labour laws, making it easier to dismiss workers, will not please the

unions. They have warned they will fight attempts to cut welfare benefits.

Trying to steer a middle course, he implied that tax cuts would probably have to wait, while offering an olive branch to the unions in the form of immediate consultations. But he stressed that Spain met none of the Maastricht targets, and that he was committed to reducing the budget deficit from 5.9 per cent to 3 per cent by 1997.

Most economists believe it will be virtually impossible to do this merely by fighting fraud and reducing administration costs. Even if the annual growth targets of 3 per cent are met, Mr Aznar will almost certainly have to trim welfare costs and is said to be considering introducing charges for health care.

Corruption, which brought the defeat of his Socialist predecessor, Felipe González, also figured. Mr Aznar said his administration would account "for every peseta".

Setting the tone for the first political handover since the Socialists came to power in 1982, his speech was typical of the former tax inspector who describes himself as "ordinary, decent and responsible".

Mr Aznar, who fell 19 seats short of a majority in the election, also laid out the devolution concessions to regional

nationalists who will give him a comfortable cushion of six seats — at least for now.

They include more direct responsibility for collecting and spending taxes, greater powers over regional police, transport and education, and a commitment to abolishing military service.

Mr González said he was willing to give the new government a chance, but added that the devolution measures would be complex and costly. He pressed Mr Aznar for details of his deals with the regional parties.

Rosa Aguilar, parliamentary leader of the United Left, said: "The subject is frightening for the left."

However, the course outlined by Mr Aznar is not a radical departure from the Socialists, who moved steadily towards market-oriented policies while paying lip service to leftwing ideals.

But there are key differences of degree. Mr Aznar, who has often accused Mr González of "Euro-euphoria", said he would put domestic interests first, citing fishing and agriculture.

He had a stern warning for Britain. His administration would be tough on "drug trafficking and money laundering in Gibraltar", he said, and would press Spanish claims to the Rock with vigour.

# Greek lawyer defends honour of Serb general

Helena Smith in Athens on the man who relishes his role as 'image booster' to one of Europe's most notorious military chiefs

**A**LLEXANDER Lykourazos cannot wait to meet Ratko Mladic again. He enjoys hobnobbing with the Bosnian Serb military commander in one of the warlord's hideouts near Pale.

In his swanky Athens law firm, the accusations of genocide and ethnic cleansing associated with General Mladic's name seem a long way away.

"Of course," says Mr Lykourazos, helping himself to another pistachio nut, "when we do meet each other, we never talk about the war crimes tribunal or the indictment. The general is not interested in the charges, he's never even read them. Instead we talk about everything else."

With his long silver hair, wild whiskers and gold spectacles, Mr Lykourazos has the air of a studious mad monk rather than a respected criminal lawyer. But it is precisely as the latter that Greece's celebrated barrister frequently confers with one of Europe's most wanted men.

In the six months since he was asked by the commander to "boost his image and represent him everywhere", he has taken the job more than seriously, proffering his advice for free. "I have visited him more than 10 times," he says.

"Representing him would be a great challenge."

"Not that Mr Lykourazos believes he will have to defend his notorious client soon. "As long as Mr Mladic is the head of the Bosnian Serb army, nobody will dare arrest him. If they do there will be horrible bloodshed and everybody knows that would be disastrous for the peace process."

The Greek lawyer is in no doubt that Gen Mladic will de-

fend himself "with arms" if Nato forces try to catch him.

As a self-proclaimed supporter of Bosnia's Serbs, Mr Lykourazos has ensured that his office is a shrine to the cause. In between the icons and caricatures that grace its walls, a signed portrait of Ratko Mladic and a photograph of him in a warm embrace with Gen Mladic have pride of place.

"The general is a kind man

on war crimes in Bosnia, how would Mr Lykourazos defend him?"

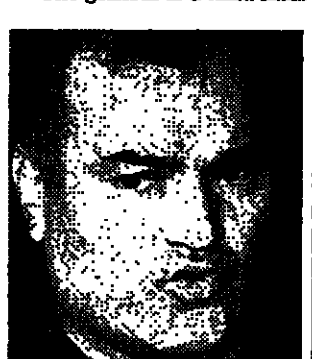
If that moment ever came, which he doubts, he would contest the validity of the tribunal which, in common with the Bosnian Serb commander, he has never recognised.

"The UN Security Council had no competence and certainly no legal authority to form an international court," he says. "International law rests exclusively with treaties. One must ask oneself why the decision was made to look into what happened in former Yugoslavia and not at what happened in Vietnam, Afghanistan or Chechnia. That will be my basic argument."

Since his return from exile in London after the collapse of the Colonos government in Greece in 1974, Mr Lykourazos has relished defending clients against overwhelming odds. His decision to represent George Koskotas, the rags-to-riches banking tycoon whose financial improprieties brought down the Socialist government in 1989, has forced him to hire round-the-clock bodyguards and armoured cars.

But for many of his countrymen, Mr Lykourazos' decision to help his brother Serbs is a source of pride. Like the lawyer, most Greeks believe the Serbs have been grossly misrepresented throughout the Balkan wars, not least because of the West's inability to understand the threat of "Muslims" be they Turks, Albanians or Bosnians.

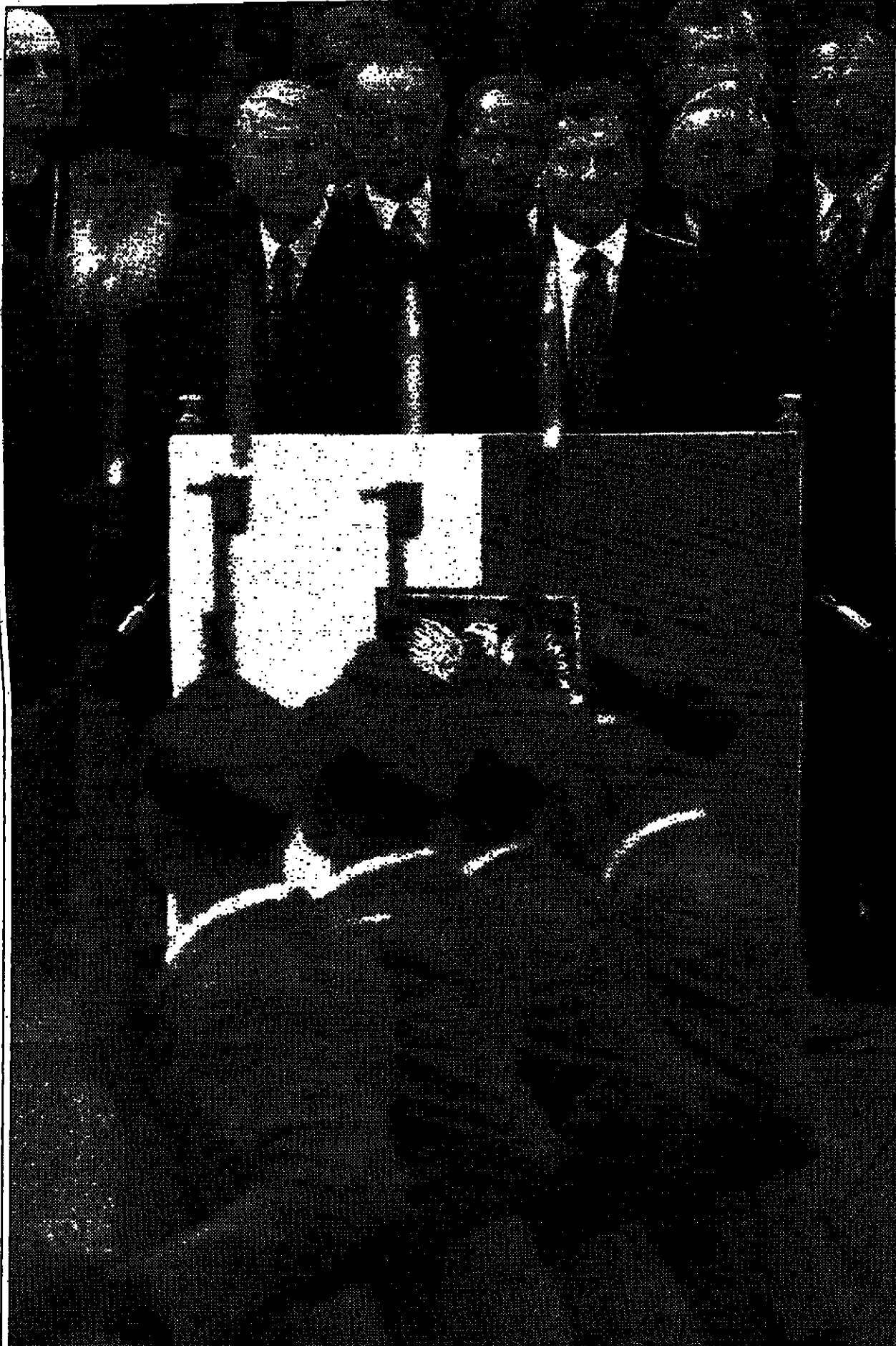
"Greeks and Serbs share a common religion and in many ways a common identity," says Mr Lykourazos. "When I go to see the general in Bosnia this month, I will be taking a cheque for \$500,000 with me in humanitarian aid for Serb warages. It's our way of showing our support for a people we love and understand."



'Mladic is not interested in the charges, he's never even read them'

with a lot of humour, which is rare for someone in the military," he says. "He has been totally mistreated by the Western media. He's not what he's made out to be, that's for sure. He's loved by Serbs, both in and outside Bosnia, and they would never like to see him arrested."

If, however, Gen Mladic was brought before The Hague International Tribunal



Poland's president, Aleksander Kwasniewski, second right, and chief rabbi, Menachem Joskowitz, left, watch a parade marking 205 years of the country's written and voted constitution. Only America's is older. PHOTOGRAPH: CZAPK SOKOLOWSKI

# War is almost over after nearly 400 years

Ancient European conflicts have been raging for centuries, but no one told those involved, writes John Glover in Milan

**L**IFE can be tough as a tidier state in Europe. They are liable to be trodden on in times of war and forgotten when the peace treaty rolls around. That means conflicts can continue for centuries.

San Marino, the tiny republic perched atop a mountain not far from Italy's Adriatic coast, is a victim of just such an oversight. The republic, which boasts a centuries-long tradition of neutrality, may still be officially at war with Sweden.

And Andorra, a principality in the Pyrenees, between France and Spain, as ancient as it is tiny, might technically still be at war with Germany.

Sweden and San Marino will informally bury their hatchet tonight, live on Italian television.

San Marino is known abroad partly because of the Formula-1 Grand Prix that bears its name. But for reasons of space — the republic has an area of 23.5 square miles and just 25,000 inhabitants — San Marino holds its grand prix at Imola, about 40 miles away and firmly in Italy.

But San Marino has a seat at the United Nations, conducts its own foreign policy, sits on the International Olympic Committee and fields its own international football team.

The supposed state of war between San Marino and Sweden arises from the Peace of Westphalia. This was signed in 1648, putting an end to the Thirty Years War, a conflict that racked much of 17th-century Europe. San Marino's neighbours, Venice and the

Duchy of Milan, fought with the Hapsburgs against the Swedes and the Danes. San Marino was not at war and so did not attend the peace conference or sign the documentation ending the war. That seems to be the cause of the "conflict" with Sweden.

A similar twist. It is sometimes whispered, affected Germany and Andorra. The principality is

represented abroad by the French president and the Bishopric of Urgell. Thus, when France went to war against Germany, Andorra may, in effect, have done so too. Unlike France, it has never made peace with the Germans.

But the Spanish bride at the suggestion. "Andorra has been a co-principality for the past 730 years and could not have gone to war

unless we agreed. We didn't," said a spokesman for the Spanish embassy in Rome.

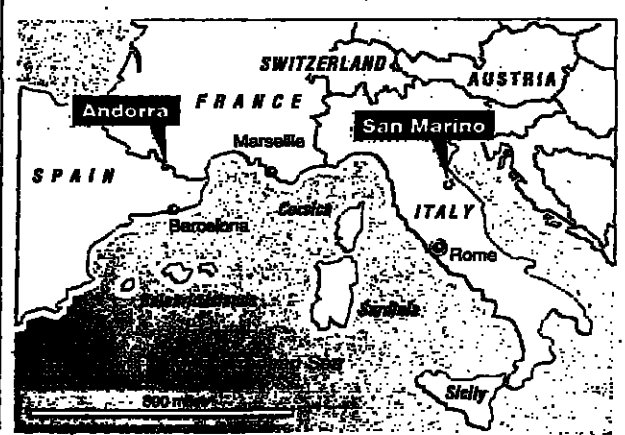
San Marino insists that the last time it went to war was in 1462, when it took the field against the troops of the Malatesta family from nearby Rimini.

Sweden also has a long-standing pacifist tradition. The Congress of Vienna in 1815 marked the end of its last military adventure.

"I'll be taking part in the programme to demonstrate that relations with San Marino are friendly, diplomatic and commercial," said Torsten Orn, Sweden's ambassador to San Marino and the Vatican.

No peace treaty signing ceremony will be held. "It's just not necessary," said Mr Orn.

Swedish citizens living in San Marino should not be concerned, he added. "There are only six or eight, and I think they're mostly ladies married to San Marinese. They're certainly not prisoners of war."



# French dismiss spy claim

Paul Webster in Paris and Richard Norton-Taylor

**E**MBARRASSED French officials yesterday denied that an American U2 spy plane operating from Britain had photographed secret French nuclear military installations which have been supplying nuclear material to the Royal Air Force.

In a detailed report, the newspaper Liberation said the U2 flight occurred on March 16, when the pilot was ordered to stop circling military sites in central France.

But the defence ministry insisted that only one U2 flight had operated over France that day — an authorised flight to Bosnia from a base near Marseille.

The report may be inspired by mischievous elements in the French armed forces who want to stir controversy at a time when Paris is allowing United States planes to be based in France for the first time since the 1960s.

Liberation's information, which came from inside the French air force, alleged that a U2 operating from Fairford, near Bristol, had been

tracked by radar to a military site near Dijon which makes nuclear warheads. At the time, according to the newspaper, two RAF Hercules planes were on the ground, apparently taking delivery of sensitive nuclear equipment.

The newspaper speculated that they were loading nuclear warheads for Trident missiles, after the Americans refused to deliver similar material for the Royal Navy's submarine fleet.

A spokesman for the US air force said yesterday that U2s had not been based at Fairford since last December.

# World news in brief

## Yeltsin invites Chechen rebels to new peace talks

**P**RESIDENT Boris Yeltsin yesterday invited separatist Chechen field commanders to talks with Russia's prime minister, Viktor Chernomyrdin, and the Moscow-backed leader of Chechnia, Doku Zavgayev, on a solution to the 15-month conflict, writes David Hearst in Moscow.

Making the offer, Mr Yeltsin for the first time referred to the Chechen rebels as field commanders rather than bandits. His change of language came after the new separatist

## 'Impaired' man executed

A triple-murderer, whose mental impairment was never presented to the jury which imposed the death penalty, was executed early yesterday by lethal injection in California, writes Christopher Reed in Los Angeles.

Keith Williams, aged 48, had spent 17 years on death row.

## African accord

Talks between the African National Congress and the National Party were reported to have agreed in principle on two of the three issues holding up a deal on the constitution. — Reuters.

## China quake toll

An earthquake in China's Inner Mongolia region yesterday, measuring 6.4 on the Richter scale, killed at least 14, officials said. — Reuters.

## New twist in drug scandal

**A**LAWYER has begun talks with the Colombian government over the possible surrender of the attorney-general, Orlando Vasquez Velasquez, who is suspected of links to drug traffickers, writes Mary Madden in Bogota.

The exact whereabouts of Mr Vasquez are unknown, but his solicitor yesterday contacted the prosecutor-general's office to arrange the surrender.

The attorney-general is the latest public official to be caught in a drug scandal which has seen seven members of the Congress and a former defence minister thrown behind bars.

Ernesto Samper is also under investigation for accepting millions of pounds from the Cali drug cartel for campaign funds.

Public prosecutors opened an investigation into the attorney-general's links with the cartel after authorities discovered cheques from the organisation signed over to him.

## China dissident shelters in US

**T**HE White House confirmed yesterday that the Chinese dissident, Liu Gang, has been admitted to the United States, but declined to say whether he had been granted political asylum.

"Torture and ill treatment are widespread in China's prisons and police stations, an Amnesty International report said yesterday. — AP.

## Old grudge

Police fired on a group of elderly people in the Central African Republic who barricaded the prime minister in his office during a protest over pension arrears. At least 10 pensioners were wounded. — Reuters.

## Pullout delayed

Israel's prime minister, Shimon Peres, failed to announce a date for the partial withdrawal from the West Bank town of Hebron, raising speculation the move will be delayed until after Israel's general election on May 28. — Reuters.

## Warlord's airlift

A United States military helicopter flew the Liberian warlord Roosevelt Johnson out of the capital Monrovia yesterday, so he could take part in peace talks in Ghana next week. Mr Johnson's spokesman said. — Reuters.

## Cambodian U-turn

Cambodia's co-premier, Hun Sen, yesterday appeared to have backtracked from an interior ministry directive that suspended the activities of political parties not represented in the national assembly, writes Nick Cumming-Bruce in Bangkok.



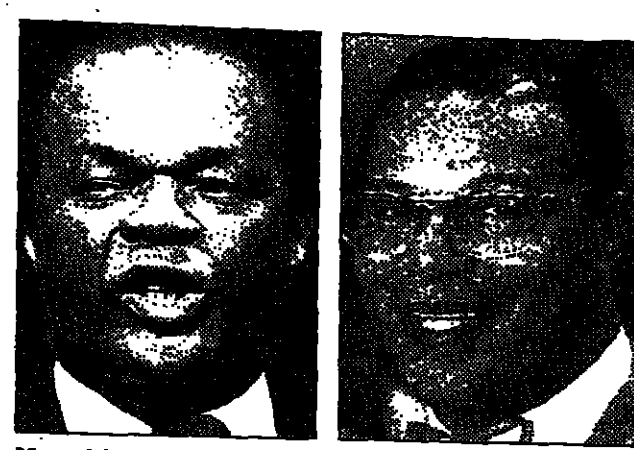
The Guardian was born out of two outbreaks of street-fighting at the turbulent start of the 19th century, whose huge social reforms it was instrumental in shaping. Both invents were national traumas. Born of injustice

Outlook page 18

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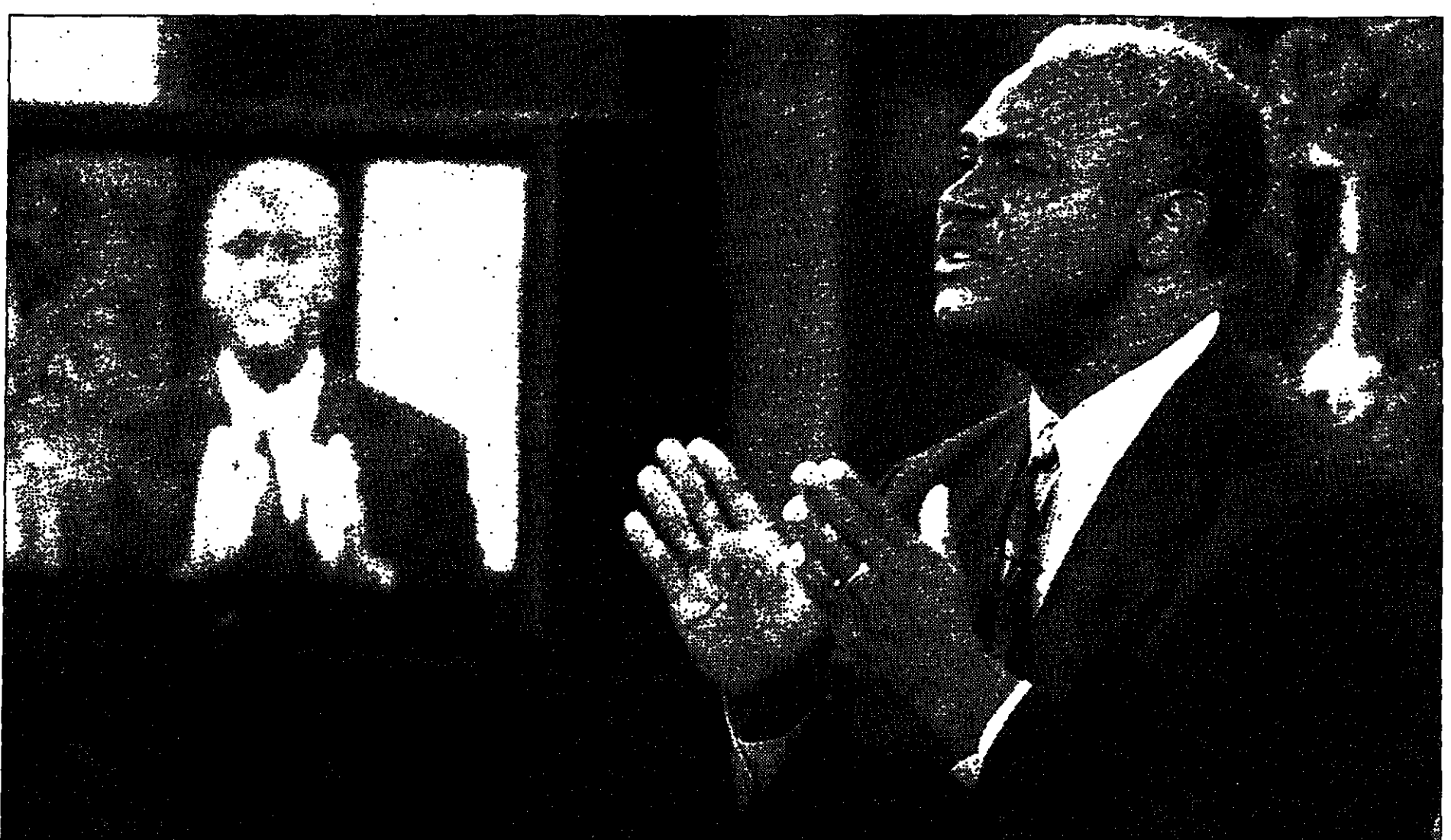


# Black America's crisis of confidence



Mavericks... Marion Barry, mayor of Washington DC (left), and Louis Farrakhan, leader of the Nation of Islam

With their leadership soured by scandal and defeat, many African-Americans feel their political interests may be best represented by a white candidate, writes Jonathan Freedland in North Carolina. But in Detroit, a black mayor, Dennis Archer, has reversed the city's decline



Senate hopeful... Harvey Gantt hopes to defeat the white millionaire Charlie Sanders, who is gaining ground before next Tuesday's Democratic primary PHOTOGRAPH MEL NATHANSON

**S**OMETHING is wrong with this picture. Here is Charlie Sanders, the millionaire former chairman and chief executive of the Glaxo pharmaceuticals giant, standing in the sunlit conservatory of the De La Fayette restaurant in Fayetteville, North Carolina. He is addressing a well-heeled audience, warm and courteous in the best southern tradition, urging them to grant him a new career — in the United States Senate.

He is explaining the need for greater investment in education when a cry of "That's right!" breaks the cocktail party atmosphere. He moves on to health care reform, and it happens again: "All right!"

No heads turn, because that's the way black Americans respond to a speech they like. Half the people in this room are African-Americans — and that is the surprise.

If conventional wisdom were your guide, this would be a meeting for whites only. Mr Sanders is, after all, a white man who has dared to take on one of the folk heroes of black American politics. He is standing against Harvey Gantt, the former mayor of Charlotte who in 1990 came close to toppling Jesse Helms, the Republican ultra-conservative who serves as the party's one-man lunatic fringe in the Senate.

Back then Mr Gantt had every black vote in the state. On Tuesday he could be in for a shock, as North Carolina's Democrats choose who should compete against Mr Helms in November. Mr Sanders trails Mr Gantt by just six points, a 20 per cent gain, according to a Winston-Salem Journal poll

hang over the energy secretary, Hazel O'Leary, the only black woman in the cabinet. Above all, 1996 is the year of black absence from the biggest show in town: the race for the White House. The Gulf war hero and retired general Colin Powell chose to scrap his plan to be a candidate — apparently bowing to his wife's fear of an assassin's bullet. All it would take, she said, was "one white crazy".

**J**OINING the general on the sidelines is the Reverend Jesse Jackson, whose unsuccessful presidential attempts in 1984 and 1988 did so much to build black muscle. This time he did not challenge Bill Clinton for the nomination: he knew it would only show how badly that muscle had atrophied.

The problem is not confined to a few individuals. In the late 1990s America's big cities — New York, Chicago, Los Angeles, Philadelphia — all had black Democratic mayors. Now all four cities are led by white men, New York and Los Angeles by Republicans.

The result is that growing numbers of black Americans are despairing of the old-fashioned political route. No longer are they content to follow Martin Luther King's integrationist advice and seek a seat at the table of US power. For some that means a switch

to the fiery black separatism of the Nation of Islam and its leader, Louis Farrakhan. For others it has led to the pessimistic, pragmatic realisation that the people best able to achieve black goals are not necessarily black leaders.

That is what makes Harvey Gantt — already limping from arthritis and weakened by a bout of pneumonia this winter — look shaky for Tuesday.

A wealthy architect, dapper in blue blazer and spit-and-polish loafers, he is the model of the black politician who ran America's cities a decade ago: he won re-election in Charlotte even when it was 90 per cent white. But this week he cut a diminished figure at the Statesville Drug Company — a small, old-fashioned pharmacy surrounded by dairy farms in the rural eastern part of the state. The size of the crowd gathered to meet the candidate: zero.

The Carolinians tiptoe around Mr Gantt and the race issue. "I think we're past that question in North Carolina now, I really do," Mr Sanders told the Guardian. Democrats are abandoning Mr Gantt, Mr Sanders said, not because he is black but because he is a proven loser. Mr Helms has beaten him before and will beat him again.

Mr Sanders believes people are flocking to him because he is not a politician but the "outsider" so popular in US

electoral politics these days. He has "real world" business experience: the presidential campaigns of the Texan billionaire Ross Perot and the publishing magnate Steve Forbes have shown the power of that.

But that is hardly the real reason why Mr Sanders' slogan is "A Democrat Who Can Beat Jesse Helms". "What it is really saying is it will take a white male to beat Jesse Helms," said Kenneth Spaulding, a black lawyer and Gantt supporter.

The deep trouble for Mr Gantt is that many black Democrats agree, however reluctantly, that the voters of North Carolina are simply not ready to vote for a black man, and that to nominate one would merely allow Mr Helms to extend his 24-year lease on the state's Senate seat. Yesterday's poll seemed to confirm that view: with Mr Sanders as the Democratic candidate, the party is in a virtual dead heat with Mr Helms. If Mr Gantt is the candidate, they are eight points behind.

"It's just like I believe this country ain't ready for a black sheriff," said Andre Deloach, aged 27 and a disc jockey on WCIE, a black gospel radio station in Fayetteville. He once backed Mr Gantt, but he will vote for Mr Sanders on Tuesday. "He's a good guy, and I want to see him beat Helms. I just don't believe Harvey can do it."

Mr Gantt finds such talk depressing. "People are making the calculated judgment that racism is not dying in America," he said in an interview. "So they have a pessimistic view that is making them abandon the effort to elect qualified black officials. I'm not naive, I know there are people who are convinced that whites will not vote for blacks. But I don't have that feeling."

Many black Americans also argue that black leaders end up getting a raw deal for their constituents. "Whenever you get a black mayor, the dollars from Washington immediately shrink," said Marion Harris, a North Carolina businessman who worked for Mr Gantt in 1990 and for Mr Jackson in 1990. "There was a feeling that the city needed a white man to run it," said the black candidate who lost. On Tuesday, Mr Gantt will know if the voters of North Carolina feel the same way.

## Motor City welcomes skilful driver

**T**HERE are some bright spots on black America's horizon and one of them is Dennis Archer. He is the mayor of Detroit, and has won plaudits nationwide for the gradual turnaround of a city that most had given up for dead.

Elected in 1993, he stands alongside Baltimore's Kurt Schmoke and New Orleans' Marc Morial as black mayors of majority-black cities. They are political beneficiaries of a phenomenon that began in the 1960s and which has left their cities in grave trouble: white flight.

Detroit is the most obvi-

"Everybody must pitch in. Sweep the sidewalk in front of your house. Get a grip on your life and the lives of your children"

ous example. Once a city of 1.8 million people, 85 per cent of whom were white, it now has barely a million residents, three-quarters of them black. Detroit's white population now lives across the Eight Mile Road — where they pay their taxes into suburban coffers, not the city's.

The result has been decades of urban blight. Abandoned buildings and boarded-up shops abound in central Detroit. In the famous Motor City, one in three families does not own a car.

Enter Mr Archer, a man with a CV to warm the heart. Born into rural poverty, he worked his way through college, teaching children with learning difficulties by day and attending law school at night.

After a legal career that took him to the Michigan supreme court, he entered politics in his late fifties — with instant success. He ran against the black establishment's handpicked candidate but won enough white votes to win the mayoralty handsomely.

Along with the young black mayors of Cleveland and Seattle, Mr Archer has rapidly distinguished himself from the old guard of black leaders associated with the 1960s struggle for civil rights. He developed a centrist message, calling for co-operation with big business and suburban whites. He also demanded greater black self-reliance.

"Everybody must pitch in," he said in his inaugural address. "Sweep the sidewalk in front of your house. Clean the rubbish from the street. Get a grip on your life and the lives of your children," he urged, bringing the crowd to its feet.

The approach has yielded fruit. Mayor Archer, a friend of Hillary Clinton, has brought in \$100 million (267 million) of federal cash for the next 10 years as well as \$2 billion in privately-funded development projects.

Some black groups have accused him of selling out to white-owned big business, but the man running the largest United States city under black control has few qualms. "We are changing the image of Detroit," he says. And the rest of black America is watching.

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Racing

Classics season opens with doubts about the fitness of the 1,000 Guineas favourite and a 2,000 full of ifs and buts, says Chris Hawkins

Beauchamp looks the answer

BOSRA SHAM was lame yesterday and the odds-on favourite for the Pertemps 1,000 Guineas could miss tomorrow's race at Newmarket.

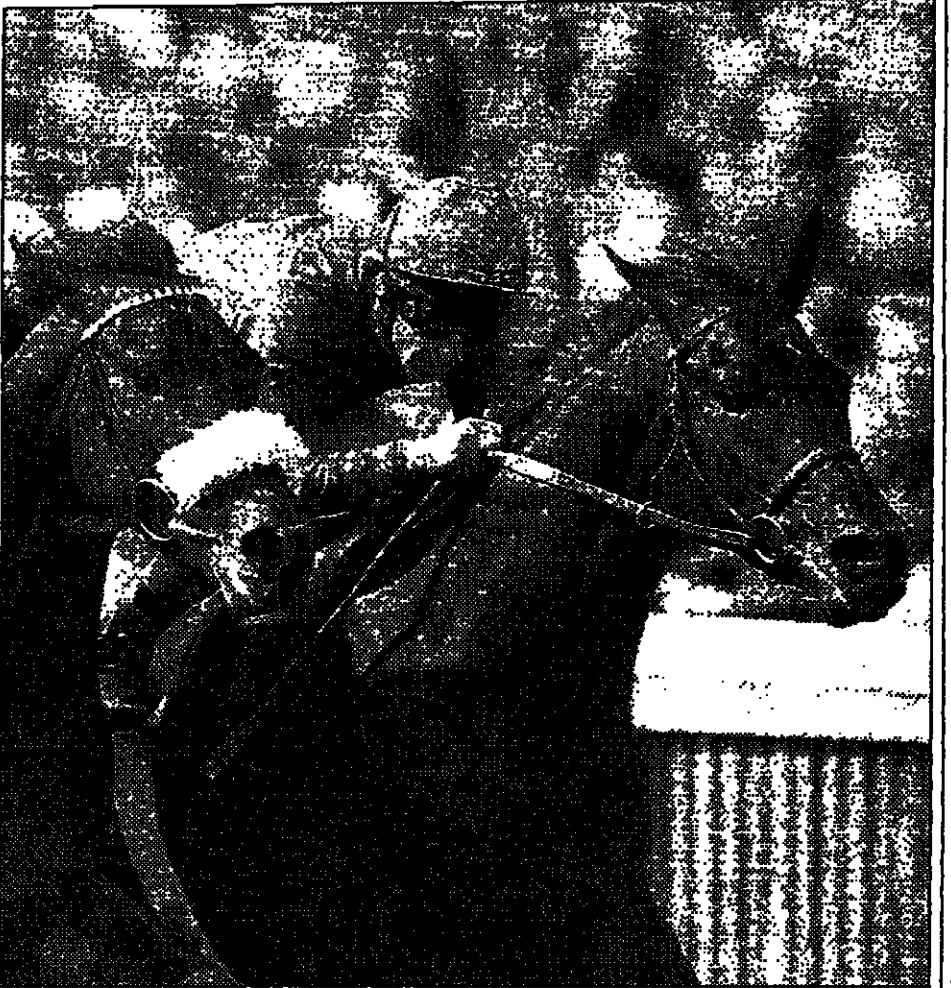
Henry Cecil, her trainer, said: "Her chances of running are 50-50. She worked very well yesterday but the foot she bruised last week is sore again. She was lame but sound by lunchtime."

Beauchamp King won by a neck, a small margin admittedly but there was a distinct air of authority about it. Cruising on the flat for most of the race, he produced the superior finishing kick just as he had when winning the Racing Post Trophy at Doncaster last season and when beating Storm Trooper at Ascot.

Alhaarth had been knocked off his pedestal and various reasons were advanced for his defeat - the pace was too slow, he needed the outing, he ran lazily. Excuses and theories abound when horses are beaten but the stark facts are clear. Mark of Esteem, Alhaarth has just run out of improvement.

Yet his trainer is a past-master and no doubt Alhaarth will have benefited from the run. Confidence of a dark foal and various reasons were advanced for his defeat - the pace was too slow, he needed the outing, he ran lazily. Excuses and theories abound when horses are beaten but the stark facts are clear. Mark of Esteem, Alhaarth has just run out of improvement.

Arguably, this will suit Beauchamp King just as much and another to benefit will be Storm Trooper, for this is emphatically not a two-horse race.



Love prevails... Mick's Love (right) gets the Godolphin team off to a flying start with a narrow win from Bahamian Knight at Newmarket yesterday

Newmarket with T.V. form

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Haydock (N.H.) with form for the televised races

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Big race fields C4

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TOMORROW 3.45 PERTEMPS 1,000 GUINEAS STAKES

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Thirst runners and riders

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Hereford National Hunt card

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Irish horseracing is to get a £30 million cash injection in a bid to improve the country's 26 racecourses. Dublin Agriculture Minister... The industry in recent years.

Large advertisement on the right edge of the page, featuring the word 'Tiger' and 'RUGBY' in large, stylized fonts. It appears to be a promotional page for a brand or event.



RUGBY UNION: CUP FINAL DAY IN ENGLAND AND WALES

Bath v Leicester at Twickenham

Tigers to chew Bath's gauntlet

It is fitting that Leicester should have chosen to play the same lovely old Richmond hotel beside the Thames...

Both men are teachers but there the similarity in style and method ends. While the 50-something Bath coach...

wins in their previous seven finals, three of them achieved in the early Eighties...



Sideways on... Brian Ashton supervises the training of Bath's pack FRANK BARN



Smith... outspoken

Leicester, though, are a difficult side to beat, who can be outstanding on their day. They have impressive all-round strength...

It remains to be seen whether Leicester will discover an Achilles heel in Bath's preference for a loose, fluent style of play...

Hallett looks set to survive whispering campaign

A WHISPERING campaign appears to have started against the RFU secretary...

he has been 'less than enthusiastic' in giving support and advice to Cliff Brittle...

Neath v Pontypridd at Cardiff

Ponty threaten Neath double

Neath have swept all before them in 1996 but today at Cardiff they confront their biggest obstacle so far...

Neath are not satisfied with winning only one trophy. They are three points behind the leaders Cardiff...

Neath go into the final in their best run of form since they won the inaugural Heikonen League five years ago...

Neath are fit to take his place after being punched in the face by the local boys Evans, who was sent off during last week's derby...

Uttoxeter (N.H.)

Table of horse racing results for Uttoxeter (N.H.), including race numbers, names, and times.

Hexham (N.H.) tonight

Table of horse racing results for Hexham (N.H.) tonight, including race numbers, names, and times.

Warwick (N.H.) tonight

Table of horse racing results for Warwick (N.H.) tonight, including race numbers, names, and times.

Results

Table of horse racing results for various tracks, including Newmarket, Bangor, and Hamilton.

NEWMARKET

Table of horse racing results for Newmarket, including race numbers, names, and times.

BANGOR

Table of horse racing results for Bangor, including race numbers, names, and times.

HAMILTON

Table of horse racing results for Hamilton, including race numbers, names, and times.

SEDFIELD

Table of horse racing results for Sedfield, including race numbers, names, and times.

RACELINE 0930 1684 COMMENTARY NEWMARKT THROCK UTOXETER HEREFORD WARWICK HEXHAM NEWTON ABBOT



FERGUSON AND KEEGAN LOCKED IN MIND GAMES



Wind up... Alex Ferguson, Manchester United's seasoned campaigner



Wound up... Kevin Keegan, Newcastle's emotional manager

As Newcastle's 12-point lead was whittled away, so their Old Trafford rivals piled on the pressure

Premiership race at fever pitch

Martin Thorpe on the Manchester United manager's history of psychological warfare

LAST Tuesday Alex Ferguson was refusing to comment. He did not need to say any more. Everyone knows there is more to winning football matches than what happens on the field. To steal a golfing truism, soccer is played on a pitch about five inches wide — the space between the ears.

But if there is one master tactician when it comes to football psychology it is Alex Ferguson. Jung he is not but old hand he is at the game of two halves: psyching up his players and out-psyching his opponents. Kevin Keegan fell for it hook, line and sinker.

Jung he is not but Ferguson is an old hand at out-psyching his opponents

Fergie has been up to his tricks for a long time. And there is a familiar drip to his water torture. Take last season. Like Newcastle, Blackburn had opened up a large lead as the new year arrived. Enter Fergie. "Blackburn will have to finish like Devon Loch to give us any chance. We're relying on miracles now."

Michael Walker looks at the background to Keegan's angry outburst at Elland Road

THE final paragraph of Kevin Keegan's 1979 book Against The Odds begins thus: "When I was elected European Footballer of the Year, Bill Shankly said to me, 'Son, you've climbed Everest. He meant, in the nicest way, that I must start preparing for the long descent. Sometimes even shanks can be wrong, for I see a further summit."

His reaction to Ferguson made him even more popular in the North-east

slide into the old Third Division, he turned them around, won promotion, took them into Europe and is now challenging for the title — in four seasons. Most of the time during this rise Keegan has been approachable, straight-talking, open, as popular as his team. His vociferous reaction to Alex Ferguson's accusations has made him even more popular in the North-east, where the local papers are already full of supportive letters.

Days after United's win at Newcastle this season, it was Gary Pallister echoing his master's voice. "Newcastle will be feeling the pressure now because they've had such a good lead. And when you start losing a lead, people start making judgments and the tension begins. There certainly isn't the same pressure on the team who are chasing the leaders."

When the weekend of Asprilla's elbow and United's 6-0 win at Bolton reduced Newcastle's lead to four points, another of Fergie's psychology apprentices was quick on the jaw. "It's all a test of nerve now, how you deal with the tension," said Steve Bruce. And, if you have an old chestnut, it is always worth roasting again: "Remember, we have lost the title twice, so we know what a bitter experience that can be."

Whether Keegan's psychology apprenticeship was quick on the jaw, it is always worth roasting again: "Remember, we have lost the title twice, so we know what a bitter experience that can be."

So Fergie's coup de disgrace after Leeds had raised their game against United prior to playing Newcastle was just the latest example in a long line of subtle and not-so-subtle pressure-cooking. "On that performance Leeds should be a top-six team," he said. "They're not. They are struggling, so the players have been cheating their manager. Leeds have to play Newcastle — I'd like to see a video of that game."

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The ghost of hamsters past saves Royals

Soccer Diary

Martin Thorpe

VICKY LOWE knows what saved her beloved Reading from relegation this season: the ghost of her dead hamster. Vicky is convinced the spirit of Miss Effie — who is buried in the goalmouth of Reading Elm Park — helped the Royals stuff Wolves 3-0 to stay up recently. "Her ghost distracted the opposition," said Vicky, a 23-year-old barmaid at the ground.

Small models of soccer players have become popular recently. You can collect most teams. Nottingham Forest even includes a model of their manager Frank Clark. There he is, dark-haired, mustachioed, standing in a dark coat in familiar pose, pointing with his arms outstretched. Unfortunately the model has had to be withdrawn. It was decided it looked too much like Adolf Hitler.

PRESTON have long been dodgy in the box, but their promotion to the Third Division heralds a rare event. Each time the team has been relegated since the 1950s, a coffin has been ceremonially laid to rest in the cellar of the Withy Trees pub.

Each time Preston are promoted — not often — the coffin is lifted out and, in solemn procession, carried to the nearby Trades Hall where it is put on celebratory show.

NOT only have Sunderland run out of tickets

for tomorrow's game at Tranmere, but Sunderland's fancy-dress shops have run out of costumes (says Keith Rogers of Wolverhampton).

Meanwhile, the life-size statue of Jackie Milburn at the centre of Newcastle looked a trifle strange this week: someone had dressed him in a Sunderland shirt.

AHEAD of Euro 96, and tomorrow's crucial relegation decider at Vicarage Road, here is proof of soccer's claim to be an international language. A Diary reader, Ivor Xorke, said his wife was on holiday in Pisa last summer when they got lost on the way to their hotel. A friendly local approached their car and inquired: "English?" Yes, replied the couple and pointed to the map, to where they wanted to go.

The local smiled knowledgeably. "Arsenal," he replied. The pair nodded tactfully. "Chelsea, Aston Villa, Newcastle," the Italian continued, gesturing for them to follow him. Three minutes later they were at their hotel. "Thanks," said the Xorke, handing the chap some duty-free. "Manchester United," he replied. "Nottingham Forest, Liverpool, Wolverhampton, the local chap's march through the rest of the Premiership, interrupted by a mildly impatient "Watford". "Ah," beamed the Italian, "Luther Blissett."

APPARENTLY Alex Ferguson has told Andy Cole to take up drinking. That way he might at least hit the bar (from Simon Liebman of London).

HOD OFF. You read it here first, the most likely tabloid headline the moment Hoddle's England team starts losing heavily. That, and given his Christian beliefs, "For God's sake go". While we are at it, let's get the rest of the way too: "England need a miracle", "England don't have a prayer", "Hoddle in unholly row". And in the run-up to Euro '96: "Hoddle hopes England will be a heavenly host".

AND SO the Diary ends for another season. Have a great summer.

Ball expecting to defy gravity

Ian Ross on the final scene in the Premier relegation drama

IF Alan Ball is wrong and Manchester City are relegated tomorrow many will be tempted swiftly to re-evaluate the long and often controversial reign of Peter Swales, the club's former chairman who died on Thursday. After 20 years in office Swales was driven out in 1984 by an impatient support that assumed his replacement by Francis Lee would represent something of a watershed. Those who united behind the "Forward With Franny" slogan could now be going "Down With Bally".

City could maul Liverpool at Maine Road and still find themselves being relegated for the third time in 13 seasons. It is a bleak but altogether predictable scenario after a calamitous start that saw Ball's braves collect only two points from 11 games.

If City survive it will be a result of the shenanigans of others. For, if Southampton and Coventry win and Sheffield Wednesday take a point at West Ham, they could triumph handsomely and yet still go down.

"I am still confident we will stay up because we have prepared well and we are ready," said Ball in typically ebullient manner yesterday.

Ron Atkinson will no doubt be ready to erase the "sound business acumen" reference from his curriculum vitae if the fickle finger of fate should

Obituary, page 20

Premiership: Championship Man Ltd of Newcastle, Marston Ltd of Liverpool and Aston Villa, plus one from Bradford, Stockport, Chester and Wrexham, relegated Hull, Brighton, Barnsley, Gillingham, Luton, and York. Third Division: Championship Promoted: Gillingham plus one from Darlington, Barnsley, Plymouth, Wrexham, and York who miss out on automatic promotion plus two from Walsley, Wigan, Colchester, Chester and Barrow, Western Tynesley, and Wigan. Second Division: Championship Promoted: Gillingham plus one from Darlington, Barnsley, Plymouth, Wrexham, and York. Third Division: Championship Promoted: Gillingham plus one from Darlington, Barnsley, Plymouth, Wrexham, and York. Third Division: Championship Promoted: Gillingham plus one from Darlington, Barnsley, Plymouth, Wrexham, and York.

Stubborn Southall may be stuck on 699 for Everton

NEVILLE SOUTHALL'S 699th appearance for Everton tomorrow might be his last for the Merseyside club, writes Ian Ross. The 37-year-old goalkeeper will play against Aston Villa at Goodison Park as a dispute over a new contract rumbles on.

Although Southall has been offered a two-year deal, he has steadfastly refused to sign, prompting speculation that he is set to leave Everton after almost 15 years. "I don't want to go but it is up to the club now," he said.

Advertisement for 'The Voice of Cricket' featuring a cricket player and the text 'OUT NOW!'.

TEAM SHEET

Table listing football teams and their players. Includes Arsenal v Bolton, Middlesbrough v Manchester U, Chelsea v Blackburn, Newcastle v Tottenham, Coventry v Leeds, Southamton v Wimbledon, Everton v Aston Villa, and Manchester City v Liverpool.

A N Other

THIS unassuming Volendam craftsman arrived in the wake of the lifting of the ban on foreign imports and added distinction to an already distinguished small-town team. He then moved from one inland port to another, changed from blue to red, and won a medal before returning home to achieve even greater fame in his native orange.

Last week: Charlie Cooke (Chelsea, Crystal Palace, Chelsea).

Performance of the week: Darren Anderton (Tottenham), whose two goals at Leeds on Thursday raised the European hopes of both Spurs and England.

Gullit ponders Chelsea job

BUDD GULLIT gave the first indication yesterday that he is prepared to consider succeeding Glenn Hoddle as Chelsea manager.

"I would need to talk to them about how things would be run," he said. "There are so many things to think about but the job hasn't been offered yet."

Chelsea's board will meet before tomorrow's home game against Blackburn but an appointment is not expected for at least a week.

The club feels that the new England coach's progressive approach must be maintained, ruling out the more pragmatic George Graham.

Intriguingly the Croatian FA has revealed that Chelsea and Arsenal last week spoke to the national manager Miroslav Blazevic. But as he speaks no English the likelihood of him working in this country is remote.

Graeme Souness's term as manager of Galatasaray, which started last year, looks set to end after Turkey's manager Fatih Terim yesterday admitted having talks with the club.

Advertisement for 'THE ROYAL MEETING ASCOT RACECOURSE' with ticket information and dates.

Vertical text on the right edge of the page, including 'The Guardian', 'Rugby League', 'Quint', 'Snooker', 'Hend', 'the ac', 'S', 'Results', 'Soccer', 'Golf', 'Tennis', and 'Football'.

Handwritten Arabic text at the bottom of the page: 'الجمعة 4 مايو 1996'.



Rugby League

Quinnell 'to quit Wigan'

WIGAN confirmed yesterday that they have had an approach from Richmond for Scott Quinnell...

gets for union. We have chased their players for long enough... Wigan signed Quinnell on a four-year contract worth around £400,000...

Snooker

Hendry presses the accelerator

STEPHEN HENDRY, until now rarely in top gear in his defence of the Embassy world championship...

Hendry with breaks of 76 and 71, giving him a six-frame lead when he resumes this morning... The 30-year-old Ronnie O'Sullivan's chances of supplanting Hendry...

Results

Soccer: COMMERCE FIRST: Brighton 5, Swindon 1... ITALIAN OPEN (Bergamo): First-round leaders... Baseball: AMERICAN LEAGUE: Toronto 7, Milwaukee 3... Basketball: NBA PLAY-OFFS: First round Eastern Conference...



Cross purposes... Gattling and Carr consider a second run

Middlesex v Gloucestershire

Lord's in need of master

Mike Selvey at Lord's... A PART from a period yesterday when the last Gloucestershire wicket proved frustratingly difficult to take...

them to a position of strength in the morning were dispelled with the first ball of the day's first full over when James Hewitt...

Smith's off stump after he had made 32 from only 18 balls. Davis remained unbeaten on 27... The Middlesex openers Paul Weekes and Jason Pooley responded in positive fashion...

Cricket

County Championship: Worcestershire v Essex

Vintage Gooch fires the imagination

ENGLAND selectors have been known to come out of international retirement at times of national crisis... Gooch has a short pavilion boundary...

David Hoppe at Worcester... Gooch's absolutely no intentions of reversing his decision to retire from Test cricket...

most trouble, and had drawn several nods of acknowledgement by the time the master was trapped lbw... Essex's opening stand produced 158 in 25 overs...

Somerset v Surrey

Holloake bears fruit

AS THE cricketing farmyard in the West of England's Quantocks looked to say as they pondered the ominous talents of the visiting side... Surrey, indeed, looked formidable...

as the pavilion roof, off Andrew Troost. It had come from 118 balls with 16 assertive, well-sprayed boundaries... Brendon Julian, Surrey's hurriedly late choice...

Northamptonshire re-converted against Durham. The all-rounder led the visitors from 178 for six to 273 for seven... Neil Leatham's unbeaten 90 halted Sussex's onslaught...

Scoreboard

Table with columns for teams (e.g., Lancashire, Yorkshire, Essex), runs scored, and wickets taken. Includes sub-sections for 'British Assurance County Championship' and 'Surrey v Somerset'.

Moxon mauls Glamorgan with double century

THE Yorkshire opener Martyn Moxon yesterday became the first player to score a double century for his county against Glamorgan in 100 championship matches...

county and Yorkshire's best for any wicket for more than 50 years. Moxon also exceeded the best score made by any batsman in these contests...

Northamptonshire re-converted against Durham. The all-rounder led the visitors from 178 for six to 273 for seven... Neil Leatham's unbeaten 90 halted Sussex's onslaught...

PEOPLE WORKING FOR CHARITY ENCOUNTER SOME HARROWING SIGHTS. THE LORD'S TAVERNERS ARE NO DIFFERENT. Includes a small illustration of a person.

The approach to the wicket is less a quickening stride than a medley of kangaroo leaps. At delivery point, velocity is such that the bowling arm moves about a body almost stationary...



Culture clash for Twickenham final, page 9  
Quinnell turns his back on League, page 11

Kevin v Alex: a duel to the finish, page 10

# Sports Guardian

David Lacey on why Alex Ferguson's side should be celebrating tomorrow

## United with a title point to prove

**K**EVIN KEEGAN believes the Premier League championship is in the lap of the gods. No doubt Manchester United supporters would agree since, in their view, there is only one team that lives in a constant state of delirium.

A third title in four seasons is in Old Trafford's grasp but not yet in its lap. And in reaching out for the point at Middlesbrough tomorrow which would surely settle the matter, Alex Ferguson's players will not need reminding of what happened on the final frantic Sunday a year ago.

Then United, two points behind the leaders Blackburn Rovers but with a superior goal difference, needed to win at West Ham while hoping that Rovers failed to beat Liverpool at Anfield. In the event Blackburn lost to a last-minute goal from Jamie Redknapp but within seconds were celebrating the news that United had only drawn 1-1 at Upton Park.

Tomorrow Newcastle, also two points adrift but with an inferior goal difference, will not have the benefit of the draw, even if they beat Tottenham at St James' Park while United are held by Bryan Robson's team at the Riverside Stadium.

Until Ian Woan scored Thursday's equaliser for Nottingham Forest at the City Ground there was a strong possibility that the top two would enter the final weekend all square on points, if not goals. But Woan's goal looks like finally depriving Newcastle of their first championship for 69 years.

Nicky Butt may well return from suspension but otherwise Ferguson is likely to field the team that increased the pressure on Newcastle

with last Sunday's 5-0 rout of Forest. This would again see Andy Cole sitting on the bench.

Remembering how Cole's late miss at Upton Park a year ago turned out to have cost Old Trafford a championship hat-trick it will be surprising if Ferguson brings him back, not with Paul Scholes such a potentially prolific alternative. Cole's place in next week's FA Cup final against Liverpool is already in jeopardy.

A Premiership triumph tomorrow followed by victory at Wembley would make United the first club to complete two league and FA Cup doubles. They have not lost to Liverpool in the Cup since 1921.

Keegan has to decide whether or not to recall his season's extravaganza, the £6.7 million Faustino Asprilla, against Tottenham. Asprilla was substituted at Leeds on Monday and came on only for the last three minutes at the City Ground on Thursday.

Yet Keith Gillespie, recently recovered from injury, looked exhausted against Forest and may not be up to a third game in seven days. Keegan knows, however, that in Asprilla's absence Peter Beardsley has re-established closer links with Ferdinand and after another outstanding goal on Thursday carries the bulk of whatever hopes Newcastle still cherish.

Should United only draw tomorrow Newcastle could still win the championship with a six- or seven-goal victory over Spurs. But since Tottenham have an outside chance of a UEFA Cup place, and have conceded more than two goals only three times this season the hypothesis is, to say the least, fanciful.

## BRITAIN LEAD DAVIS CUP TIE AFTER EDGY START



Holding all the aces... but Greg Rusedski struggled to beat the world No. 478 at Gosforth. PHOTOGRAPH: MICHAEL STEELE

## Rusedski feels Tyneside tension

Stephen Blarley in Newcastle

**T**HE anxiety permeating the city of Newcastle, and St James' Park in particular, seemed to seep into the David Lloyd indoor tennis club in South Gosforth yesterday.

Greg Rusedski gave Britain a winning start in their Davis Cup tie against Slovenia but he had several anxious moments on the way to a 6-1, 6-4, 6-7, 6-3 victory over Borut Urr, a player ranked 478 in the world and seemingly flattered by that figure.

The Canadian-born Rusedski started strongly

and Slovenia's captain Andrej Jeras sank deeper and deeper into his white plastic chair like a contestant in Mastermind passing on every question. Urr was certainly being passed and also seemed incapable of holding his serve.

As Rusedski lashed his serves across the net, the watching Rob Andrew and Tony Underwood must have felt glad that they had chosen a nice gentle game like rugby.

With typical British love of the underdog, the crowd began to warm to the Slovenian in the second set, imagining that they were not going to see too much more of him. They were wrong.

Rusedski, from being in complete control, began to fray at the edges. Urr

## The lost art of not screwing things up



David Lacey

**T**HE league programme may be all over bar the shouting but so strident are the noises off the pitch that the final whistle might not be heard.

The week has been rich in titrations, what with Kevin Keegan raising on Sky television about Alex Ferguson, and Ken Bates apoplectic on the Chelsea club about Smart Alec designs on Rudi Gullit. These days rants do not come cheap.

Indeed the deafening silence from the Football Association on the subject of Glenn Hoddle's imminent appointment as the next England coach was priceless. Of course the FA could not let on immediately that Hoddle had been approached but once the cat's ears, eyes and whiskers were out of the bag the stone-walling became pervasive.

For David Davies, no sooner did Sky News have him declaring that all talk of Hoddle being offered the job was pure speculation than Chelsea's Matthew Harding was confirming the offer had been made.

The next England coach may gain valuable information by watching England's opponents in the World Cup qualifiers but his most urgent need is to study at close quarters the players with whom he will be working this autumn. That way the transfer of power might be relatively seamless. The way things are shaping it will be difficult to hide the job.

Hoddle may succeed in bringing English football, that is to say football played by Englishmen, into line with the rest of the world by the turn of the century. Somebody who has managed to get Chelsea to pass the ball properly for the first time in 25 years should not be underestimated.

The nation, however, will be eternally grateful to Hoddle if he simply avoids screwing up England's qualification for the 1998 World Cup. And Hoddle will be in Venables' debt if similar up-screwing is avoided in the European Championship. For both men the most important England news this week was Darren Anderson's performance at Leeds the night before last.

**H**ODDLE's civilised bearing calls to mind his last successful Chelsea predecessor, Dave Sexton, now coaching the England Under-21 squad. Sexton's skilful playing career was cut short by injury and as a young track-suited club manager he quickly won respect for his profound knowledge of the game and the way this expressed itself in the style of his team.

Football has used Sexton harshly from time to time, and not least at Manchester United. But at 66 he remains as enthusiastic about the game as ever and, if Hoddle still feels that way come 2024, he will have been lucky.

With the English thing settled, and while remaining issues of championships, promotions and relegations have still to be resolved, there has been an unusually neat tying up of loose ends. Norwich are no longer chastened by Robert Chase. Brighton have another year in the hotel they call home. Greece's Souness could be leaving Hell—otherwise known as Galatasaray.

And Eric Cantona's tormentor spent a night in prison after laying one on a courtroom lawyer—a final ironic twist which would have tickled Molière.

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### Bath is Rugby Union and Wigan is Rugby League and for a hundred years it seemed that the two football codes would never drink in the same bar let alone meet in the same stadium. But on Wednesday the impossible will happen. Michael McNay

## Outlook page 15

### Guardian **COLLINS** Crossword 20,644

A copy of the Collins English Dictionary will be sent to the first five correct entries drawn. Entries to Guardian Crossword No 20,644, P.O. Box 315, Mitcham, Surrey, CR4 2AX, by first post on Friday Solution and winners in the Guardian on Monday, May 13.

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Tick here if you do not wish to receive further information from the Guardian Media Group or other companies screened by us

Set by Araucaria

Each across solution contains one of four residences which is disregarded in the subsidiary part of the clues

**Across**

8 Quarter back priest's objectively immaterial identity (8)

9 Insubstantial, I agree (6)

10,24 Left blade in Texas? (4,4)

11 Revolutionary stomachs return of fenny snake (5,5)

12 Was first called (6)

14 Sines curve? Very much so (when wearing a suit?) (2,6)

15 See 20

17 Prophet's place of prayer? (7)

20, 15 Mum in no. 11 back where the intercity stops (4,4,7)

22 See 25

23 Plumber, not so thin (10)

24 See 10

25,22 Mud in rotten tree by Roman road (6,6)

26 Irresponsible adventure—cease trading (8)

**Down**

1 Cooking the roast effects resistance (6)

2 Barrie's pirate saying who he is? (4)

3 Long ago counselled poor Davies (fill black in the face?) (6)

**CROSSWORD SOLUTION 20,644**

The To he will Co mC me M

Handwritten signature or mark.



July 20 1996

Saturday May 4  
Sunday May 5  
1996  
Page 13

# The Guardian Outlook

The Tories are dead and buried and John Major knows it. But, says HUGO YOUNG, he will hang on grimly as long as he can to save his party from itself

## Complete moral meltdown

**M**ICHAEL Heseltine is busking it on Newsnight. The local election results are appalling. Heseltine is calm, straight-eyed. He seems to relish the palpable absurdities he will now be called upon to utter. That is his job, and he knows that nobody in the Government does it as well as he does. The seigneur of spin is once more summoned to the colours.

element of tragedy about him: the forces that direct his future are ineluctable. Consider, to begin with, the remedies suggested by those who think otherwise. There are three less seduced by professional optimism than Mr Heseltine and Dr Mawhinney, but what do they say? Give us strong leadership, bray one lot of back-benchers, of whom Nicholas Winterton yesterday was typical. Get a grip, tell us where we're going. But at the same time, and confusingly, listen to the people and find out what they want. Or else, mutter another lot, represented by Peter Temple-Morris, let the Euro-sceptics stop bitching. Let's stop quarrelling, he quarrelously instructs. The Daily Telegraph, gathering itself for a peroration, shouts for the party to do "what is bold and what is right", before recommending an agenda that would drive half-a-dozen ministers out of the Cabinet.

will allow no further anxieties to destabilise them. That is certainly the case with their leader. Whether he's privately depressed or not, his public resilience is a wonder to behold. His standard demeanour gives off a comfortable little smirk, which says I know something you don't know. Whatever that something is, it comes from the deepest well of a politician's self-belief. The fact is that Major has grounds for such self-belief. He remains the best asset the Conservatives have got. MORRIS's April poll showed 15 per cent of respondents satisfied with the Government, 29 per cent with Major. This may be small comfort. Compared with the party, rather than the Government, Major is level-headed. But many MPs, in the practical world where they have to win votes, regard him as a name to conjure with. "In 1974," said one of them, "I instructed my canvassers never to mention the name of Ted Heath." Margaret Thatcher's three elections were a by-word for her personal unpopularity. Many Tory candidates omitted all reference to her from constituency literature. Is there a person in Britain who talks about Major as "that bloody man"? On the contrary, he will feature in the appeal of all but the Euro-babes. The worse the Conservative Party behaves, the more decently is Major regarded. A rise in his personal rating, as the only unifying leader for this vicious rabble, can be relied on.

The results, Heseltine coolly says, are irrelevant. They tell one nothing about what is to come. But they also, insofar as they are not irrelevant, tell one that the Government's steady recovery, which has apparently been going on for 18 months, is on course. Although the measure of this recovery is a rise from 26 to 28 per cent in popular support for the Conservatives, the deputy prime minister offers his analysis without a trace of embarrassment. Not for a nano-second is his earnestness broken by the eye-flicker of a possibility that he might sound ridiculous.

This is the best they can do, and bears witness to the Tory predicament. Hot air vies with self-contradiction to disguise a truth which, naturally, they cannot bear to face.

However, that is a problem not an answer. Mr Major is indeed the only unifier. But look at what unity he has achieved. It is unimaginable, this side of an election, that any other leader would be seen as a preferable alternative by more than a fraction of backbenchers. They have to say, without irony, that he's the best prime minister they've got. But they then return to the conduct they're incapable of ceasing, which is to tear him, and with him their own prospects, to pieces.

Next morning, it's the turn of the party chairman, Dr Mawhinney. Less practised than the seigneur, he's nonetheless getting into the groove. He knows what the rituals require, and is developing a fine command of analytical fantasy. Overnight study has yielded him solid evidence for the ongoing Tory recovery: low turnout, all to play for, we're on our way.

Each large element in the drama embodies a problem without an answer. At the apex is John Major. Leader-ditching is the classic remedy for a party in terminal trouble, but he offered them the chance for that last year and they decided not to take it. Since then, party rules have been re-written to foreclose another challenge before the election, but this technical obstacle matters less than the political reality, which is that it's in Major's hands alone whether he wishes to depart, and nothing is likely to induce him to do so.

For the party, too, is gripped by inner forces. It is the second character in this undetectable event. For the first three months of the year, a certain discipline came over it. Differences were not buried, but they were silenced. The semblance of a fighting force appeared to be re-grouping. Since the need to talk, still less vote, on anything to do with Europe was temporarily receding, it seemed possible that incendiary voices might continue to see the merits of discretion.

What we're witnessing here is a Cabinet in denial. Ministers say these things not because they believe them, but because, as politicians, they can't contemplate the possibility of disbelief. They've forgotten what it is not to be a politician. They can do no other. The media are their accomplices. Interviewers accommodate their mind-set, even as they challenge it. Everyone helps them search for little glimpses of hope, if only to deconstruct them. We all play our part in declining to violate the first law of politics, which says that every situation, especially every electoral situation, is amenable to some dramatic development that will reverse the impending catastrophe.

He is prone to black moods, I'm told. He still cares what people say about him. "He's not David Mellor or Alan Clark, a cad or a boomer, who don't give a damn what the papers say," one of his closest allies told me this week. Backbenchers gauge his temper, and purport at present to hear that he's depressed. The outward signs say otherwise. Unlike this time last year, every senior colleague wants him to stay in the job. He has solid support at the top. For a Cabinet that's presiding over the worst election prospect in living memory, this one is unusually united. There is solidarity in gloom. It's as if these ministers have been through the fire and out the other side, and

This was to misjudge the effects of the prospect of defeat. Nothing corrupts a party like the imminent withdrawal of power. Power, we have to re-learn, is the cement that binds together what otherwise tend always to be centrifugal: the ambitions and rival-



ries of party politicians with doctrinal positions they will not surrender. After the winter lull, it has become apparent to more of them that the Tory party is in a vortex of decline which they feel free to accelerate. As its prospects vanish, the Euro-phobes show less compunction about expressing their disdain for each failure by the ministerial to comply with their ever more arrogant demands. In this vortex, another claim gets washed swiftly down the plughole. All governments are more or less incompetent, and nobody can be sure that any other government at any other time would have handled the huge conflicting pressures of the BSE calamity more successfully than this one. But competence is something the people have ceased to expect. Ask about the future and you get near the

bone of a government nobody believes in. How Major and his colleagues can hope in the space of 12 months to rectify this pervasive disbelief is unknown to anyone. It undermines their very raison d'être, narrows the scope of the Tory defence to what we can already see: an almighty onslaught against the Labour Party, which can only be depicted as even more incompetent. Don't Let Labour Ruin It. On Thursday night, one almost had the sense that the more councils Labour won, the more keenly Mr Heseltine would look forward to the evidence they would supply of the spendthrift inefficiency a Labour Parliament could thereby be portrayed as guaranteeing.

The tragic scenario, however, is not yet complete. It lacks the Sophoclean element of self-destruction. But that isn't far away either, among the raucous noises-off. As the chorus to Major's fate, his friends in the media are duly betraying him — and helping produce the opposite world from the one they keep asking him to fight for. Desiring an independent Britain, the apothecy of the Euro-phobia on which they rig their comment and manipulate their news every week, the Black and Murdoch and Rothermere papers show no sign of desisting from conduct calculated to ensure the election of the party least likely to provide it. Thus is fate now beginning finally to be sealed. It is beyond the reach of facts and events, policies and promises, tax cuts and real disposable income. The destinies of the players are engulfed beneath the least rebuttable of all perceptions: their own presence

on the stage. The jury seems to have decided. Because they exist, and have done for 17 years, they must now depart. This is the verdict hardly any politician can accept. It's an offence against nature. But that doesn't oblige outsiders to do the same. We need not buy the premise of a plausible recovery, and we don't serve the real world well if we do. With a single caveat. One man may be a hold-out against the collective fantasies of his deputy and his party chairman. If you ask John Major's friends to account for his unearthly calm in the face of adversity, their explanation is that he, too, has already bowed to fate. He will fight a hard election. He detests socialism, and isn't one of those who believe the Blair Labour Party has abandoned it. He still thinks he might be able to pull off what

he did in 1992. His heart fills with stoical resignation at the prospect of losing power at the very moment when, by the usual, fate-free tests of electability, he should be resigning it. What he says about the economy's comparative strength is mostly true, and would normally be enough for victory. If he wins, he will be a great hero. But if he loses, he is ready for it. He sees his record, above all, as honourable. He did the right thing, often to good effect. He rode a party that had become intolerable, doing everything he could to keep it in the real world. According to his friends, in defeat he will have one ineluctable consolation. "He knows his stock will rise every month for the next 10 years, as the Conservative Party gets into a bigger and bigger mess."

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# Let the markets decide

**J**OHN MAJOR must be thanking his stars that the local election results were only a disaster and not the meltdown that might have prompted his voluntary resignation or a visit from The Suits to help him make up his mind. No matter what gloss the Tory spin doctors put on it, this is an unmitigated disaster for the Government. And it is an even bigger disaster for the country which will have to struggle rudderless under a lame-duck administration for another year — unless the Government is unexpectedly defeated in the Commons. Dr Mawhinney, the chairman of the Conservative Party, may be right that Labour didn't do as well as before and that the Tories (up two points from last year's disaster) may have bottomed out: when something falls off a cliff it can only go so far before bouncing back a bit.

As the analysis by John Curtice and his colleagues on page 8 shows, Thursday's voting projected into general election terms would put Labour on 43 per cent of the votes, 16 percentage points ahead of the Conservatives on 27 per cent and with the Liberal Democrats only one

point behind on 26 per cent. The Lib-Dems have done better than expected partly because they benefited from tactical voting (at Labour's expense) at the local elections despite being screwed by the "Blair effect" in opinion polls at national level. The Government's near-obliteration as a force in local politics is only natural justice for a party which itself tried to obliterate local councils as a force in national politics by reducing their revenue raising powers to only 20 per cent. The Conservatives failed to win a single seat in Manchester, Newcastle, Salford, Slough, Thameside and Oxford. They lost Dr Mawhinney's Peterborough and narrowly held bluer-than-blue Runnymede on the casting vote of the Mayor. Lib-Dems stormed to victory in John Redwood's Wokingham and in Tunbridge Wells where "Disgusted" turned turtle. But no victory was sweeter for Labour than Essex Man seeing the error of his ways and severing his Tory bonds with iconic Basildon.

To win the general election from this position, John Major would need a psephological as well as an economic miracle. As our analysis shows, even if the Conservatives were to close the gap on Labour by as much as they did between the 1996 local elections and the 1997 general election they would still be behind Labour. That period involved the most outrageous experiment in election engineering of recent times — the Lawson Boom of 1986/1987 when income tax was reduced by 3p in two successive budgets against the background of a 6 per cent-a-year increase in consumer spending and a raging boom in house prices. In today's

conditions it is almost impossible — and assuredly undesirable — to reproduce those conditions and if they were the Governor of the Bank of England, now free to speak his mind, would do so in no uncertain terms.

The Government is trying to stoke up a mini-boom as witnessed by last month's £4 billion income tax cuts (following on a £1 billion electricity rebate) to which must be added maturing Texas windfall gains from building society mergers, interest rate reductions plus capital projects from the lottery. But no one knows whether punters will spend this bonanza money or save it. Either way it is highly unlikely to reproduce the feelgood factor of the Lawson boom. Unless something unexpected happens (the equivalent of the Falklands War) this government is doomed. Doomed but not dead. It will stumble on plucking policies out of the air (like building yet more prisons) in a vain hope to attract more votes without disturbing its Eurosceptic wing. They must know there is no policy big or imaginative enough to extricate this exhausted government from the quicksands in which it has sunk. Its only distant chance is to stir up a campaign so dirty, even in comparison with the last one, that it once again persuades the electorate to swallow the snake oil of self-interest against the needs of the community. A change of leadership won't help either. Mr Major for once should rise above all this and put his country before his party and call a general election as soon as possible. As he tells us so often in other contexts: let the market decide.

## The Guardian at 175

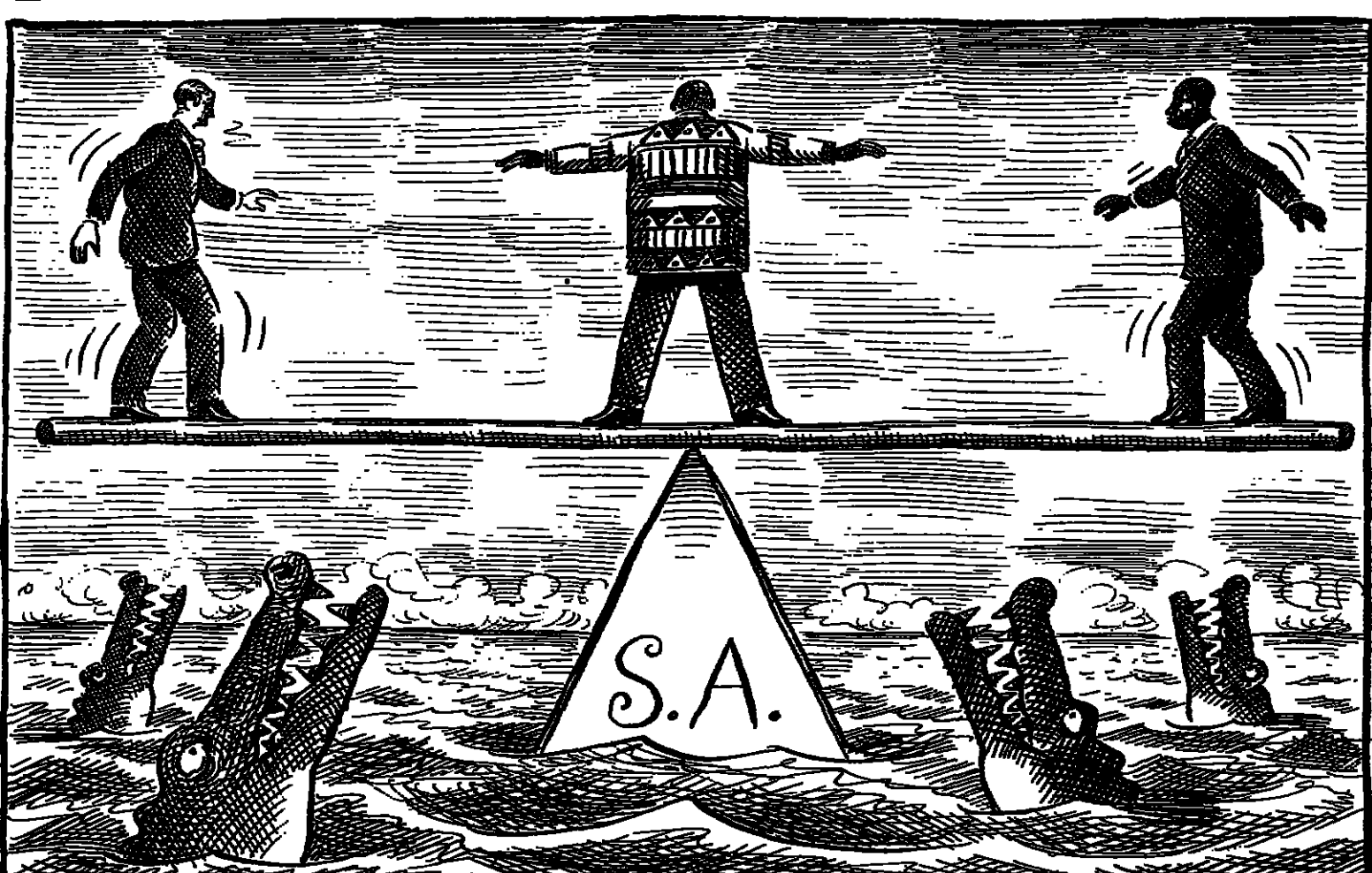
**N**EVILLE CARDUS'S autobiography contains a description of how, as a young man of 18 he "often performed a ritual known only to myself. I would go and stand on the pavement on the corner of Cross Street and Market Street, opposite the Manchester Guardian building. I would look at the lighted windows and imagine that behind any one of them Montague was at work on a dramatic notice; that Agate was adding a finishing touch; that Samuel Langford, was meditating on Brahms over his desk." Nine years later, in 1917, he finally walked through the doors of Cross Street to be given a job by CP Scott, writing on cricket and music, twin passions which occupied him for the best part of the next 60 years. By the time he finally stopped writing for the Guardian in the mid-1970s, a young sports writer called Frank Keating was beginning to make something of a name for himself...

Continuity on a newspaper is a great thing: continuity of ownership, of endeavour, of purpose, of wit, of spirit, of ideals, of style, of sensibility, of fellowship. The Guardian is 175 years old tomorrow. In that time there have been only 11 editors and, in effect, only one proprietor: the Taylor/Scott family, which, in 1936, set up the Scott Trust — the body (including two Scotts) which still owns the paper. There is one daily national paper older than the Guardian

— the Times, founded in 1785. But the Times has been through a variety of incarnations and owners. It is, frankly, difficult to discern a single thread that connects its founder, John Walter, with Rupert Murdoch — via a variety of other hands, including Northcliffe, Astor and Thomson. The Guardian is in this respect, as in many others, unique.

Of course, all newspapers change. That is dramatically true of the past 10 years, never mind the preceding 165. Today we compete with an expanding television market as well as with radio, CD-Rom, video and, increasingly, the Internet. Tomorrow we will have to come to terms with a bewildering variety of other means of delivery. We face that future with quiet equanimity. For, despite our history and traditions, we would modestly contend that no other paper has shown quite the same willingness to experiment and innovate. And the more diverse and fragmented the sources of information, the higher the premium on the qualities we believe the Guardian has displayed over 175 years: truthfulness, diversity, irreverence, courage, analysis and elegance of style.

In 1968, after 50 years with the Guardian, Cardus wrote of the paper and the man who had hired him all those years before: "Probably C.F.S., could he revisit us, would not at first sight recognise his beloved newspaper. Then, reading on, he would hear again the familiar voice — not quite so weightily dictatorial, but younger, more companionable, and just as clear." We hope and believe the same is true today, and will be for the next 175 years.



## Dream in the balance

**Apartheid was not ended by moral force but by white exhaustion. The problems that defeated it may yet defeat South Africa's new masters, argues MARTIN WOOLLACOTT. Illustration by PETER TILL**

**W**HEN historians reassess the South African revolution, they may well decide that the old regime gave up less because of pressure from its enemies, or because it belatedly realised its own wrong doing, than because the inexorable forces of population growth and urbanisation were beyond its capacity to control.

The twisted form that modernisation took in South Africa turned impulses experienced by all societies, the mechanisation of agriculture and the movement to the cities, into the engines of truly menacing social changes. The National Party handed over power at precisely the moment when power had become a burden that was too much to bear.

Indeed, they had already ceased to have power, in the proper sense of the word: they only had problems.

These problems now stand at the centre of affairs, displacing the negotiation with old enemies and the creation of a new framework for government that has until now occupied so much time and taken so much energy. There may be some continued wrangling over the constitution, supposed to be completed next week, and there will be a multi-party government of national unity for a while longer. But the ANC will soon squarely face their legacy of vast social dysfunction, grotesque under-education, and armed anger.

White South Africans are now relieved, as a group, of both guilt and responsibility

for those problems. From whatever perspective, whether it is that of business, of liberal values, or that of defence of "cultural rights" which has become the rallying cry of many Afrikaanders, they can take a critical and demanding attitude to government. Ironic transformation: those who made the mass can now criticise those who have to try to clean it up. Yet the criticisms are not therefore to be dismissed. The anxieties and fears of whites, and of middle class South Africans of other colours, centre around the autonomy that people now sense in Nelson Mandela and around the enigmatic Thabo Mbeki, his likely successor.

In spite of the miracle of the negotiated revolution, signs of insecurity are everywhere in South Africa, from the barbed wire that decorates the suburbs to the falling rand. The desperate scale of the problems that face the country seem to demand a super effective government.

Thus, every hint of corruption or incompetence can become, magnified, a harbinger of the banana republic that is the common nightmare of white and black. But, in trying

to measure these doubts and worries, it is worth remembering that insecurity has been a constant in South African politics from the beginning.

The attempt to create stability out of unpromising materials is the central strand of the country's history. For all the differences between previous regimes and the country's first multi-racial and democratic government, there are unexpectedly close parallels with the past.

Constitution making in 1910, when South Africa was created, and constitution making in 1996, when it is being recreated, revolve around similar themes and similar dangers. Racial reconciliation, centralisation of power, the question of labour, including immigrant labour, and the achievement of a social and economic stability satisfactory to that perennial arbiter of South African history, the "outside investor", were elements then as they are now. Lord Selborne, High Commissioner for South Africa at the time, recommended in a famous memorandum as a way of ending "fluctuations in political conditions" which bring "constant destruction of capital". He could have been writing today.

There are also great differences. Above all, racial reconciliation in 1910 was narrowly between Boer and Briton and at the expense of blacks. Labour, then, was scarce, whereas now there is an embarrassment of it, yet the question of labour at a "proper price" is as central today as it was 90 years ago.

The broad danger, too, is the same: that the price for stability which appeases local elites and satisfies the foreign investor is the exclusion of some large part of the population. Then, it was all blacks. Today it would be a more complex, graded, exclusion of some sections of the black population. To say that this is a danger of which anybody is South Africa is unwise would be nonsense. It is the danger of which they are most aware. But being aware does not mean that it is easily avoided. Again, what links 1910 and 1996 is South Africa's curious combination of wealth and vulnerability. It is a semi-arid country which can be made to grow food and fibre in prosperous quantities but whose agriculture is always on the edge of viability. It

## Tanks parked in Downing St

**Rattling the bars**



Ian Aitken

**O**NE of Harold Wilson's most serious political blunders was to sack the late Lord Houghton from his cabinet way back in 1967. That rash move made it inevitable that Barbara Castle's attempt to reform the trades unions would collapse ignominiously — an event which, in its turn, became a major factor in Ted Heath's surprise election victory in 1970.

For Douglas Houghton was immediately elected chairman of the Parliamentary Labour Party — a desperately unruly body in those pre-Blairite days. As a result, the PLP was headed by a former member of the TUC general council who was sure to oppose the Castle reforms when they surfaced.

Houghton's most effective weapon against the Wilson-Castle axis was his remarkable intellect and, above all, his astonishing memory. As soon as he took up the job he announced his intention of holding press conferences after PLP meetings, at which he promised to give an official account of what had happened.

The formal reason for this was to put a stop to the lengthy, unofficial reports of these supposedly private gatherings which were appearing in the newspapers, especially this one. So copious were these reports that one MP suggested that it might be a good wheeze to throw open the PLP to the press while closing the chamber of the Commons; that way, he reckoned, "we might get some decent reporting of parliamentary debates".

Houghton took the next best step, turning his press conferences into meticulous accounts of exactly what had been said, and by whom. So detailed were his reports that they often lasted as long as the original PLP meetings.

As a result, the full ferocity of the party split over the Castle proposals was exposed to

an astonished nation. It did for Barbara, and left the TUC's tanks (to adapt Wilson's famous phrase) parked permanently on the Downing Street lawn.

But the really incredible thing is that Houghton — who had been sacked because he was too old — had no short-hand whatsoever. He did it all in laborious longhand backed up by almost total recall, while simultaneously keeping the meetings in order. To get the flavour, just imagine Betty Boothroyd writing Hansard from the Speaker's chair.

But times change. How many people could name the chairman of the PLP now?

IT'S merger time again, this time in the insurance industry. Five thousand jobs are at stake, and they will soon tell us it's to improve the service to the customer. Just as the banks did.

But I can think of one area in which a spot of controlled merger-mania might do some genuine good. I refer to the charity industry, where the grotesquely wasteful duplication is demonstrated every morning when the latest batch of begging letters lands on the doormat.

I am not, I hope, a tightfisted person — I pay my whack to several charities. But why, for heaven's sake, do we need Feed the Children, Save the Children, the Christian Children's Fund, the NSPCC and so forth — let alone the multiplicity of agencies dealing with the needs of grown-ups as well as children?

Of course, I shall be told that these charities co-operate when they are out in the field, and I don't doubt that they do. But in that case, why on earth can't they join forces back home? At the very minimum, it would save a lot of stamps, and might even rescue a few thousand trees from the woodland's axe.

On the other hand, it might lengthen the dole queues by several yards — which I suppose could be regarded as uncharitable.

THE ultimate evidence that John Major's government is close to collapse came to light, not in this week's local elections, but last week in the House of Lords. Lord Boyd-Carpenter, aka Sarah Hogg's dad, and better known at Westminster as Spring Heeled Jack, has always been the ultimate Tory loyalist. No government was too sure to find him to withhold his inquisitorial support. But last week he voted against the Asylum Bill. QED.

## Smallweed



**E**IGHTEEN-month standstills, a possible "morning off" period, plus the spectre of compulsory counselling: will it be any surprise if our young people turn their backs on

the institution of divorce? Some MPs seem unduly influenced by Cary Grant's words to Rosalind Russell in His Girl Friday (1940): "You've got an old-fashioned idea of divorce — something that lasts for ever, until death do us part. Why, divorce doesn't mean anything nowadays... just a few words mumbled over you by a judge." Some of us like it that way, and, as a service to readers, Smallweed has scoured the world for the most efficient, customer-friendly marriage dissolution service available. Reno and Haiti don't even make the shortlist, owing to jurisdictional problems. Tunisia puts up an excellent showing with its backwoods divorce-yourself approach, but one has to have "married" there. The title goes to Tlaxcala in Mexico, whose divorce services are available to locals and foreigners

alike. There's the long bus ride across the desert, of course, but since when was easy divorce easy?

**C**YNICISM, as with all poisons, can, when applied under scientific supervision, yield useful results. In this spirit of inquiry, we allowed an apothecary's dram to fizzle away on the surface of this week's indignation concerning Russia and the death penalty, indignation that rated its own slot on Monday's Newsnight. The story so far: Russia joined the Council of Europe (the Strasbourg outfit that runs the human rights court) in February; a condition of its membership was a freeze on executions and abolition of capital punishment within three years. Naughty old Russia then topped 30 convicts in March and shows no sign of stopping. Duma chairman Gennady Seleznev had his ear

should. Strange that Britain's idea was reportedly greeted with "astonishment" in Strasbourg and was described as "particularly dangerous".

**O**UR legendary Moscow correspondent Arthur Mitchell Ransome chose well when he decided to base his sailing and fishing Swallows on the five children of his friend Dora Altounyan. This week, the youngest of the brood, now Mrs Brigit Sanders, took a pot at today's safety-obsessed, super-litigious culture: "The main change is that we're scared to let children experiment and learn; we've lost a sense of adventure there, because we're worried someone will sue." Yes, quite. The Swallows wouldn't be allowed anywhere near a boat today unless they wore six life-jackets apiece and were accompanied by a flotilla of play co-ordinators and stress counsellors. Their father would not have been impressed; on the second page of Swallows and Amazons he tells us to "granting permission for the children to sail: Better Drowned Than Duffers, If Not Duffers Won't Drown".

**O**NE problem spared a generation was that of the fictitious telephone number. Anytown 759 would fit the bill. Today's reader expects something realistic, and that means a proper number and code, which raises the awful possibility that an innocent subscriber may be lumbered with a blockbuster James Bond-type best-seller. Fortunately, the chaps at British Telecom appreciate the need to keep

the republic of letters at arm's length; they have a stack of blanks, available for authors and scriptwriters, covering most parts of the country. The Bill, we hear, made off with a stack of London numbers some time ago, and uses them as and when needed. Until recently, BT actually maintained a one-man Fictitious Numbers Department. Now, alas, its function has been subsumed into the more prosaic Number Allocation Group.

**A** WAVE of nostalgia this week as Gore Vidal began his three-part Channel 4 series on the US presidency (Tuesdays, 9pm). Seconds in, and GV was on his favourite topic, "the American empire", an entity one had always imagined to be sensible to Gore alone. After all, "US imperialism" there may be, but the imperium itself surely amounts to little more than Puerto Rico and ITV? Wrong, hopelessly wrong. Careful study of Whitaker's discloses that President Clinton reigns over dominions of which Franz Joseph would have been proud. Check out the Northern Mariana Islands (Governor Froilan C. Torres), the dependent-governor Benjamin Mangiona in the west Pacific, or the nearby (ish) protectorate of the Federated States of Micronesia (mine languages for a population of 110,000). Don't forget Guam, whose twin sources of revenue are "tourism and US military spending", nor the Wake Islands ("area about three square miles lying about 2,300 miles west of Hawaii"). Then there are "certain small islands, lands, rocks or keys, considered as appertaining to the USA". Gore, we take it all back: *Americana est Imperare Orbi Universo*.

Handwritten signature in Arabic script: محمد بن يحيى





Different beats... Bath's Ian Saunders is now being paid to play but he won't be giving up his day job, while all-conquering Wigan, below, are league professionals through and through

In Wigan it's work, in Bath the gentleman's game. MICHAEL McNAY on the clash of cultures - and packs - as league takes on union for the first time in rugby history

Mixing it with the enemy

BATH has been a spa since the Emperor Hadrian was knee-high to Trajan. Wigan's popular history starts with George Formby Snr's comic pier, though locals in the know claim a Roman ancestry as well - from the time when it was known as Cocceum, a Roman garrison for legions on the move to the northern frontier.

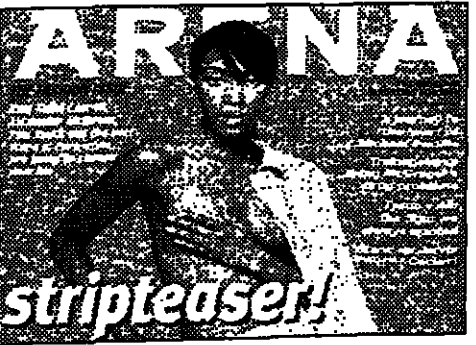


Europe. John Wood the younger's Royal Crescent, a terrace of individual houses, stands prouder than most palaces in the capitals of the world. While his father's grand Circus was the first and remains the finest in Britain.

at Wigan when Henry VIII was quarrelling with the Pope. The coal that became known as Wigan Gold was of such renowned quality that the locals were said, and not by George Formby, to have lit their houses with it as well as warmed them.

ecting  
ravity

AT FIRST it sounded like one of the petulant fits for which she is famous. Naomi Campbell was reportedly incandescent because she believed she had been bumped off the cover of this month's American Vogue.

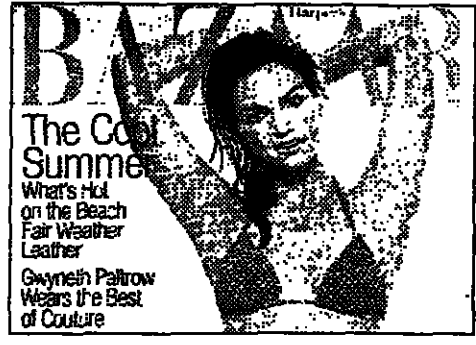


1974. But though others followed, they were traditionally used in the slow months of February and August. When budding black supermodel Tyra Banks was chosen for a December issue of Elle, her agency threw a party to celebrate.

Relegated? ... Campbell (left) is said to shift less copies than Caucasians like Cindy Crawford  
Naomi Campbell says she was kicked off the cover of American Vogue. IAN KATZ on the magazine race issue

The glossy cover version tells a tarnished story

American media, few accuse magazine editors of racism. Rather, say their critics, they are enslaved to an unspoken industry shibboleth that black covers hurt circulation.



black models, is simply to run more minority covers so consumers get used to them. Anna Winoutur, the British editor of American Vogue, explicitly denies that race played any part in her controversial decision.

any of them are quite right." There is little hard evidence, however, that the race of a cover subject directly affects sales.

AL MEETINGS  
COLOURS



Left and right on Europe

YOU don't have to be a xenophobic crackpot to oppose the single currency and further development of the European Union...

the moment that I am ordered to by a committee of unselected foreign bankers...

Even New Labour candidates might find this somewhat distasteful. It has been reported that many Tories are to declare their personal position on entry into the single currency...

USTIN Mitchell MP has been a first-class, knockabout turn in his anti-Europe antics...

Mitchell's claim that joining the EU has halved our growth rate and quintupled unemployment is without foundation...

We can either choose to have an unfettered free market system or a socialist system...

DIANE Abbott and Walter Cairns were right to emphasise the recessionary and undemocratic consequences of the Maastricht convergence criteria...

I'm your private dancer

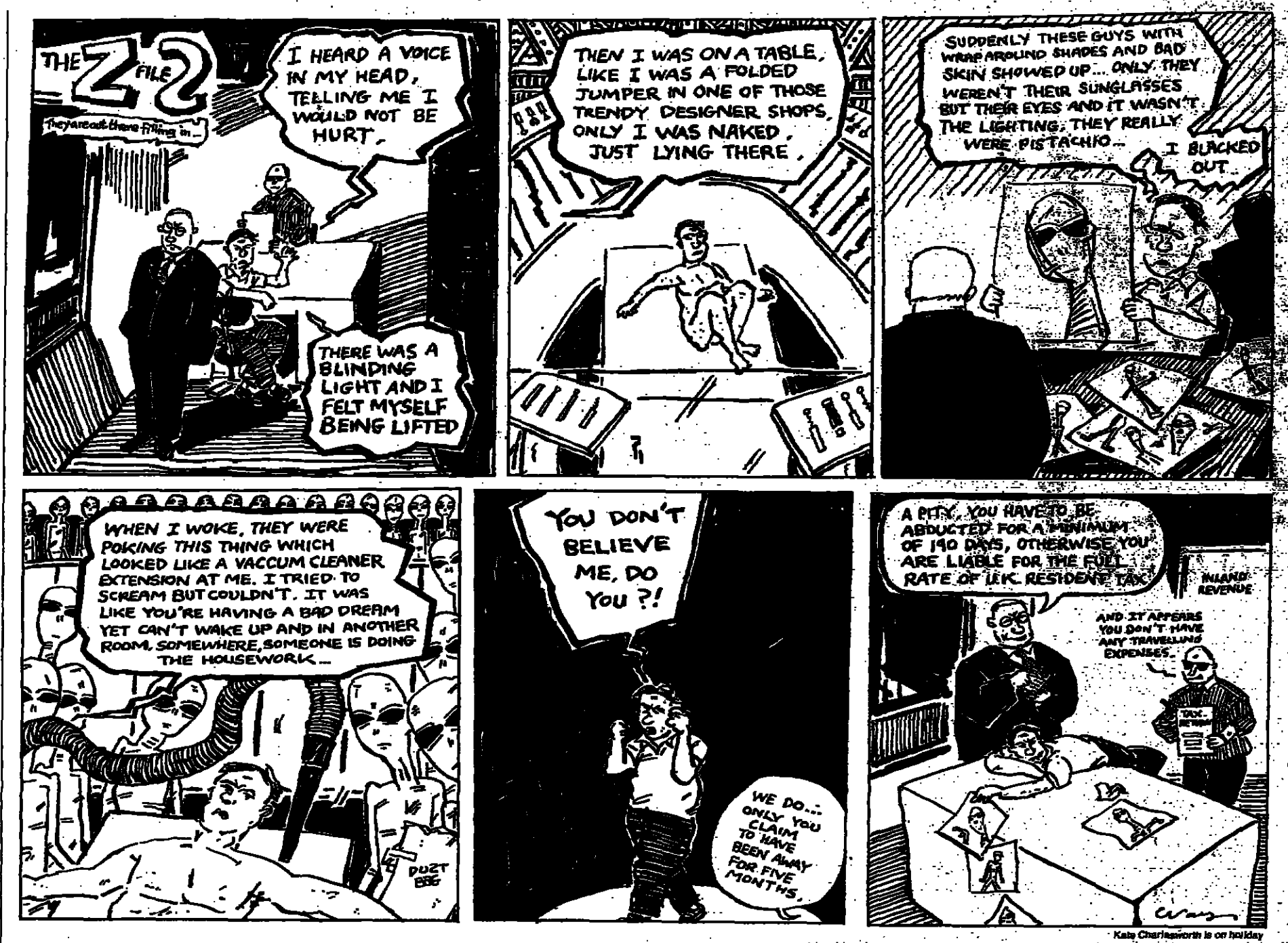
WOULD your correspondents concerned with increasing the number of women morris dancers seriously recommend mixed rugby or cricket teams?

themselves as mere entertainers: they may not believe in fertility rituals (although one can doubt that such things once took place)...

AS plans to slaughter British cattle continue to be nagged over, I hear echoes from a much earlier age...

SURELY it is illogical for morris groups to bemoan the lack of members and then refuse to admit women?

The Anniversary Offer. To celebrate the 175th anniversary, we're giving readers the chance to obtain a rare reprinted copy of the first ever Guardian. This entitled The Manchester Guardian, this paper provides a fascinating historical insight into the early days of Guardian journalism.



Katy Charlesworth is on holiday

Health of the nations

ADDITIONAL concerns need to be raised regarding the lowering of electricity supply voltages to maintain supplies (Grid tattered as viewers switched on 10pm cuppa, May 2)...

We can't work it out

ROS COWARD condemns the scolding of dismissed employees from company premises as 'insensitive' (Wickedness at work once more, April 29)...

A financial package. He did not prepare the letter and was not aware of its existence until the meeting. My friend is 50 years old, has a mortgage and two children...

IT was about time that someone turned a spotlight on the exploitative behaviour of many employers. But Ros Coward overlooked one of the most serious - and most common - examples of sharp practice: the phoney job description.

When it comes to water, the sky's the limit

OUR experience of water pre-payment here in Oldham is completely at odds with the view expressed by your correspondents from the water industry (Letters, May 2)...

analysis. What is even more shocking is the fact that Ofwat, the water regulator, is refusing to take a stand on this issue to protect the interests of vulnerable customers...

Dr David Hard, Dept of Life Sciences, Nottingham Trent University, Clifton Lane, Nottingham NG11 8NS.

AS plans to slaughter British cattle continue to be nagged over, I hear echoes from a much earlier age. In times of trouble, particularly those spookily troubles that authorities could neither explain nor cure, cattle have always got it in the neck...

Globalisation is in danger of becoming an evil as a form of empire as communism both in Europe and outside it. It panders to greed dressed in terms of choice and competition...

Andrew Hedgescock, Technical author, University of Loughborough, Leicestershire, Leics LE11 3TU.

HOW wonderful to read that Mongolia has successfully created precipitation by gunfire (Mongolia: an army of rain-makers fights enemy fire with snow, May 1). Doubtless, our water board chiefs are in touch with Mongolia and we shall see our roads leading north filled with artillery columns from Ulan Bator...

Brought to book

YOUR correspondents repeatedly insist that all bookshops (Letters, May 1) elevate disingenuousness into an art form.

FOR legal reasons I cannot comment on my libel action against the editor of Searchlight magazine. If they choose to sell that publication they cannot rightly claim to be 'peripheral' to complaints made by those seeking to maintain their reputations by resort to the law.

possibly hold my viewpoint than their own. It is a matter for celebration that the law of England is not prepared to accept that argument - an argument founded in the notion of the end justifying the means.

Nursery of life

WHAT working woman needs an enemy with people like Louisa Young (How Could They, April 25)? There are plenty of dual-income families who choose to send their two-year olds to nursery full-time...

Don't bank on this Tory answer

YOUR front-page article (Tory MP faces debt deadline, May 1) updates allegations made in February about the involvement of senior members of the Conservative Party in persuading major clearing banks to hold off bankruptcy action against Roy Thomson MP...

The long road from York to Jerusalem

I AM surprised that the Archbishop of York (Rebuilding Jerusalem for our times, April 30) thought that the Mothers' Union had 'excluded' Peter Bottomley from preaching at a service. He appears not to know that Peter is an MU member and, in any case, ours is not a sexist organisation...

For legal reasons I cannot comment on my libel action against the editor of Searchlight magazine. If they choose to sell that publication they cannot rightly claim to be 'peripheral' to complaints made by those seeking to maintain their reputations by resort to the law.

There are also many parents who recognise that caring for their child 24 hours a day is not something that would benefit either their child or themselves. Many parents need the independence and stimulation that a rewarding career can offer and are well able to balance their own needs with those of their children.

A Country Diary

MACHYNLEITH: I went back in time this week as I read the manuscript diary of a Carmarthenshire man who went far and wide, usually on horseback. In the 1870s, I had almost forgotten the miseries that travellers used to take for granted...

snack of cold beer' but then, to his disgust, 'they gave me brown bread'. He trots on northwards via Maentwrog, Beddgelert (good views of Snowdon), Caernarfon and Bangor, then on to Holyhead where, taking his horse on board with him, he crossed over to Dublin...

Philip Hensher (Black dogs behind the type-writer, May 2) need not be so wildly anxious about the mental health of writers.

Letters to the Editor may be faxed on 0171 337 4530 or sent by post to 119 Farringdon Road, London EC1R 3EP, and by e-mail to letters@guardian.co.uk. Please include a full postal address and telephone number, even in e-mailed letters.

lter, as I would have liked to invite him to the assembly of my Year Nine pupils. I explained to my little flock about the use of metaphor in scripture and in prayer. I suggested that, in 20th century London, some metaphors were less helpful than others. We don't see so much of gentle troopers or mighty warriors on the other hand, the strong mother - hard-working, involved, loving and giving until it hurts - is a figure many of us know, and which helps us to know the love of God.

Equally, there are many parents who would dearly love to spend more time in their home than their jobs allow. Louisa Young is lucky that journalism lends itself well to flexible and part-time hours. Many professions do not. Most parents try to do the best for their children in whatever circumstances they find themselves. Most - Louisa Young apart - feel some form of guilt about the quality of care they are providing, but continue to strive to get the balance right.

It is a shocking inn but we supposed that they got us beds at a milliners in Fleet Street, a very poor place in which I slept well but my companion was kept awake by the bed bugs of which we caught nine. 'Some of us may not like everything we find in modern life. But we can be thankful that bed bugs, first recorded in England in 1503, are now a declining species. WILLIAM CONDRY

Special section celebrating 175 years... Tomorrow's Guardian... Matthew... relishes... appear... unique... British... D... PAGE 18... PAGE 19...

Handwritten note: 07/11/2015/20



1550

A special section celebrating 175 years

# The Guardian 1821-1996

Saturday May 4 1996 Page 17

## Still the one and only

Tomorrow the Guardian is 175. Matthew Engel relishes its appeal and unique place in British journalism

**D**AILY newspapers are not, day by day, much concerned with history. At a rough guess, 90 per cent of journalistic effort goes into producing the next day's paper: seven or eight per cent into planning a day or two ahead; and two or three per cent into bitching about what went wrong the previous day. The ancient past is a matter of concern only if you are delving into the files for historical background.

Most particularly, daily newspapers are not much concerned with their own history. This is especially true of the popular press, but we are all guilty. Very few journalists on this paper will ever have leafed through the bound volumes of old Manchester Guardians. It would be an indulgence, bearing no relation to the job.

When I was the Guardian's cricket correspondent, people would often ask me whether I was not intimidated "following in the footsteps of Neville Cardus and John Arlott". The only honest answer was No. The men who intimidated me were my rivals on the Times and the Telegraph. My concern was to make sure I did not do my job conspicuously worse than they did theirs: you are judged by reference to your peers, not your journalistic ancestors.

And yet a newspaper's business is history, or the first rough draft of it. And its output is its own history. The story of this newspaper is really contained within its 46,544 different issues, not in books recording the machinations about who should succeed CP Scott.

Tomorrow the Guardian is exactly 175 years old. By coincidence this weekend also marks the centenary of the Daily Mail. Their achievement is the more resonant, ours by far the more impressive. We are not going to make much of a fuss, because it is not that sort of anniversary (there is not even a word for it) and it is not that sort of newspaper, though maybe the management will give everyone a glass of cheapish Chardonnay and a few nibbles if we make it through to the bicentenary in 2021.

But it is a moment to take stock, and think about what we do and why we do it. There is a difference between the Mail and the Guardian, aside from all the obvious ones. The Mail, started by Lord Northcliffe, was widely mimicked and began what we regard as modern popular journalism. The Guardian, started by John Edward Taylor, never has been copied, certainly not successfully. All institutions are unique, but there really is nothing like this one.

There are nine surviving general national daily papers. Two of them (the Independent and the Daily Star) are less than 20 years old and may yet prove transient, like the ill-fated Today, closed by Rupert Murdoch last November — here yesterday, gone tomorrow.

The other six have been participants in the long, historical process whereby papers have captured the public mood for a generation or so, risen to be the top-seller, then fallen away again: in order, the Times, Daily Telegraph, Daily Mail, Daily Express, Daily Mirror and the Sun.

The Guardian has never been part of that game. It has never been No. 1. It has never even threatened, and heaven help us all if it did. What it has instead is a special relationship with those who do read it, a relationship no other paper can match.

Any writer who sees someone reading their own paper, especially in unexpected circumstances, naturally feels a little encouraged. What makes the Guardian

special is that its readers, spotting each other, often feel the same frisson of recognition. We all belong to the same club, less exclusive than White's or Boodle's, but more desirable than either: a sort of fellowship. From the paper's point of view, it enabled our circulation to survive, virtually unscathed, even when Rupert Murdoch, by ruthless cross-subsidisation, temporarily reduced the price of the Times to less than half that of the Guardian. Do Times readers feel uplifted at the sight of one another? I doubt it.

The Guardian represents three separate but related traditions. One quite obviously is that of radicalism. Other papers have been protean in their beliefs. The Telegraph achieved initial success as a youngish, liberal, almost subversive paper of the mid-Victorian era; the Mirror was very Tory in the 1920s; the Sun is heir of the old Daily Herald, the TUC paper, and was itself pro-Labour, even under Murdoch.

The Guardian began as a pro-Reform paper in response to the Peterloo massacre; it was a Liberal paper through the 19th century; it achieved intellectual leadership of the Left by its opposition to the Boer war; it sustained that into the 20th century, as the Liberal party faded, by being open, if not slavishly devoted, to the new force of the Labour Party; it denounced Hitler, early and often; it opposed Suez and Thatcherism.

Sometimes the trumpet has given off an uncertain sound; sometimes the paper has simply missed the point. But over 175 years and billions of words, there has been an intellectual consistency that, given the exigencies of newspaper production, remains extraordinary.

The second strand is that of, not provincialism exactly, but non-metropolitanism.

The paper began in Manchester. From 1821 to 1959 it was called the Manchester Guardian. The weekly edition still keeps the title in the US (the Americans are quite happy to move their football and baseball teams from city to city, but newspapers, they think, have to stick to their roots).

Throughout the 19th century it was competing far more fiercely with a stack of other Mancunian papers, all long forgotten, than with any of the London papers, which sent copies north in the same sort of belated and haphazard way that modern London papers permeate the further reaches of Europe.

Only a handful of provincial morning papers now survive. Outside their own areas, they sell only to the most determined exiles. The Manchester Guardian broke its bounds, partly because CP Scott gave the paper a national reputation; partly because it voiced thoughts that were muted in the London papers, and partly because of the quality of its journalism.

Britain, as we all know, is a horribly centralised country. There are very few fields of endeavour in which it is possible to scale the commanding heights without being in London: academe is one — but then Oxford and Cambridge are merely outer suburbs anyway — football is another. Journalism is most emphatically not among them.

It is hard to know what would have happened to the Guardian had it taken the soft option and chosen to remain a Manchester paper. Perhaps it would have settled into a cosy local existence like the Yorkshire Post; maybe it would have vanished. But I suspect only a Manchester paper could have transformed itself the way the Guardian did: the Yorkshire papers were too inward-looking, the Scottish ones too particularist.

A paper that sold largely to cotton traders necessarily gazed out to sea rather than just at its own city and the route south, and thus developed the outlook —

urbi et orbi — that made it possible for the Guardian to match the London papers and then join them.

Curiously, the Guardian now has a higher proportion of its sales within the M25 than any other national paper. This is partly because so many of its natural readers gravitate to London, just as the paper itself did. It retains a residual but diminishing strength in the north-west. One of its characteristics over the past quarter-century has been to pay more attention to its branches than its roots, and the decline of the northern base has been one of its failures.

The third distinctive feature is literacy. Anyone who has actually read the turgid and pedantic writing that fills most of the New York Times will know that a great newspaper is not necessarily a well-written one. From a very early stage, the Manchester Guardian always had a reputation as a writers' paper.

In the 19th century the Daily Telegraph believed that good writing had to be verbose; the Times thought it had to be pompous. Guardian pieces were usually written with far less affectation, and stand the test of time better as a result.

The paper has often been less clever at the simple business of gathering news. CP Scott's most famous dictum — "Comment is free, but facts are sacred" — has often been disrespectfully sub-edited: delete "sacred", substitute "expensive"; and the tradition that Guardian accountants have a lower pain threshold than anyone else's is among the most enduring.

These days the news desk works hard to eradicate the perception that the Guardian's news judgments are often whimsical, bordering on the eccentric. In a way it seems a shame. One change of the past 25 years is that the tabloids (and the royal

story is the most spectacular example) have often set the news agenda while the broadsheets struggle like mad to catch up. But another change is that the Guardian style and method has begun to spread. The humorous, irreverent, writing that took the paper to its highest-ever circulation in the mid-1990s (before the brief incandescence of the Independent) is now more widely accepted elsewhere. In that sense, it is the Guardian that is now being mimicked. Lord Roth-

borne has even been dropping hints that the Mail will support the same party as us at the next election.

It is, however, frightfully hard to eradicate people's ideas about newspapers. It is still possible to get a cheap laugh from any audience in the country by making a joke about The Grammid and mipsprints.

The technical problems were solved a full decade ago (shortly after Ronald Reagan won his second presidential election in what we referred to, in a 72-point headline, as a "landslide") and this paper is now no better or worse than any other. Does anyone give us credit? Do they heck!

Newspapers change and develop. This is a very different product, in its look and tone, from the one that celebrated its 150th birthday in 1971. But it is still recognisably the same old Guardian, produced by people with political and journalistic beliefs in line with those of the paper's founders.

The Guardian has changed its mind more because times have changed — and sometimes the Guardian has helped to change them — than through instability of character," wrote the paper's historian David Ayerst. "The paper's views have developed in a fairly straight line. Admittedly they have sometimes wobbled, but not often."

When, after four generations of family ownership, Taylor's heirs, the Scotts, handed the paper over to the Scott Trust in 1936, the trustees were given only one instruction: to run the paper "on the same lines and in the same spirit as heretofore". When Alan Rusbridger was made editor in January 1985 he was given the same instruction, and no other.

At the time, amid all the conflicting emotions one always feels about one's employers, it made me immensely proud that such a newspaper exists and that I work for it. I think we all share that pride. Yes, it is unique.

Matthew Engel's history of the popular press, *Tickle the Public*, was published this month.



The visionary — CP Scott by Epstein. The bronze is in the Guardian's Manchester office

- PAGE 18: Milestones in the history of the Guardian; The best of the best - extracts from the great writers; The founders - how the paper began
- PAGE 19: The modern age; more milestones and extracts; Peter Preston on the triumphs and the tragedies



Milestones in the Guardian's history

1821

First issue May 5, published at 29 Market Street...

1836

Reduction in stamp duty allowed Guardian to become bi-weekly at 4d...

1855

Stamp duty abolished: first daily Guardian followed on July 2...

1867-68

After 10 years of lobbying, J E Taylor II, as leader of 163 provincial publishers...

1868

Paper's first London office opened at Charing Cross with small reporting staff...

1898-1902

The Guardian's circulation dropped from 49,000 to 40,000. The cause lay first in its opposition to the Sudan...

1917

Immigration had made Manchester an important centre of Zionism. Enthusiastic support for the cause came over several years...



The Sudanese attack during the battle of Omdurman, 1898



1921

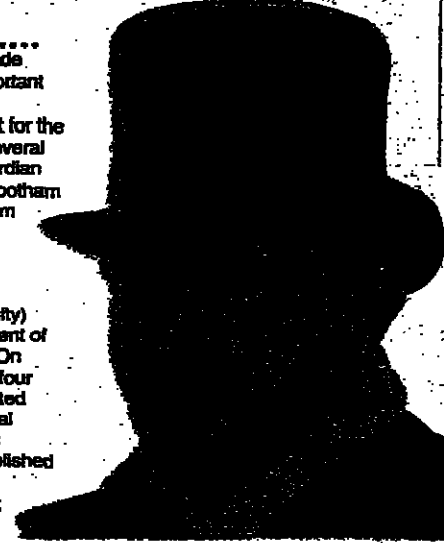
Spot, long an advocate of home rule, acted as intermediary between British and Irish delegations...



Final evacuation of British troops from post-war Ireland in 1922...



A 'free trade hat' This illustration was pasted inside the crown



Chaim Weizmann

Born of injustice

THE BEGINNING John Ezard on the founders and their passion for reform

THE Guardian was born out of two outbreaks of street-fighting at the turbulent start of the 19th century...



The Guardian was first printed just below the cutler's shop on the right

Guardian will exercise the right of spirited and vigorous intervention upon public questions...

Having in his possession a silver mess spoon. His gangrenous back 'as bare of flesh as if it had been scraped by a knife'...



Peterloo passion... 'That waving of swords I saw, those cheers I heard, and the sight and sound smote heavy on my heart'

for seven pence — of which four pence went to the Government as stamp duty in an almost crippling tax on information...

are now absorbed in the purchase of food, shall be enabled to procure those items of clothing which they stand in so much need of...

the age of 55, he left a prosperous paper, admired nationally for its new standard of full and fair reporting...

The best of the best

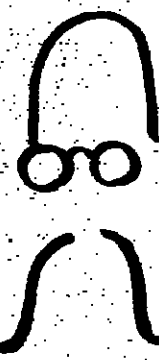
Tory education policy: December 3, 1925

IT IS just over 12 months since the Conservative party appealed to the country with a resounding statement of educational policy...

Leader by R H Tawney

Moscow: March 21, 1922

"UNDER Tsar Nip everything is allowed." That was the exultant phrase I overheard in a conversation on the Kuznetsky Most...



Ransome

Farewell: January 28, 1985

THIS patient's regard for the National Health Service has always been totally steadfast; it had saved his life before. I began to invent fantasies...

Arthur Ransome

Headingley: July 12, 1930

NATURE, they say, breaks the mould when she has made a masterpiece. It is not true; nor is it true that history repeats only her humdrum pages...

James Cameron

Sexual revelation

THE OTHER day I was in the bath and I was thinking about the sex. There's a lot of people who are afraid of it...



Cardus

Neville Cardus

Handwritten Arabic text at the bottom of the page.



July 2015

1936

Death of the editor, Ted Scott, in a boating accident had left his brother John controlling all the ordinary shares, thus making the company vulnerable to heavy death duties when he died. John therefore transferred entire shares-holding to a trust from which neither he nor any other trustee drew any financial benefit. After 60 years the self-perpetuating Scott Trust remains the owner of the Guardian.

1956

Guardian denounced Anthony Eden and Suez operation. Editor and manager (Laurence Scott, C P's grandson) expected huge loss of circulation. It dropped in Greater Manchester but nationally rose during the month from 172,000 to 183,000.

1959

Manchester dropped from title as part of Scott's plan to win greater national readership.



1970

Facing service reintroduced, having been dropped without explanation in 1873 on instruction from proprietor, J E Taylor, to C P Scott. Handsome Manchester headquarters in Cross Street sold for development into shopping precinct; new building acquired in Deansgate.

1976

Guardian moves to present home in Faringdon Road. Editorial production staff concentrated in London.



1996

IRA bomb demolished Guardian's Docklands printing plant.



1955

29 September - News placed on front page.



Anthony Eden

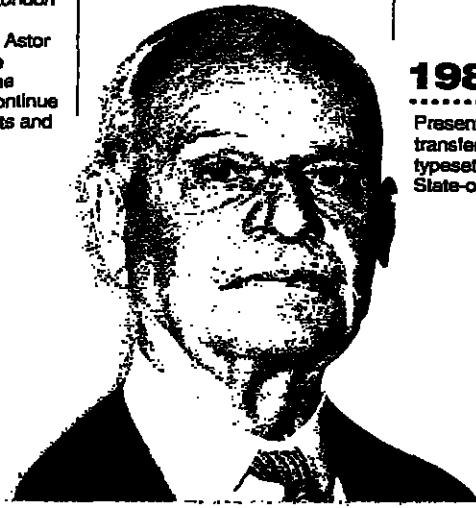
1961

First issue printed in London. Offices moved from Fleet Street to Thomson House, Gray's Inn Road. Editorial control remained in Manchester until 1964.



1965-66

Laurence Scott, depressed at disappointing results of London printing, began secret negotiations in 1965 with Astor family for merger with the Times. Talks abortive. The Scott Trust resolved to continue independently by staff cuts and other savings.



Lord Astor

1988

Present design introduced and transfer to computerised typesetting virtually completed. State-of-art printing works built.



1988

Text by Geoffrey Taylor

... writers' extracts

Vietnam: March 9, 1971

PRIVATE Workman says, "My best buddies were killed in there. I wish I could tell you my feelings, shit, I wish I could tell you." His voice begins to break and I suddenly realise he is almost crying. "You're all together here, you shift together, you sleep together, in that hole, we were all huddled together trying to keep warm, we were so scared, we figured that if they came back that was it. I dunno, some of the wounded guys I helped carry down to the Medivac. I'd rather be dead than like that."

Martin Woollacott

The Caucasus: March 25, 1933

"WE MUST collectivise agriculture", "We must root out kulaks" [rich peasants]. How simple it sounds! But what is going on in the remote villages? I set out to discover it in the North Caucasus. The civilian population was obviously starving. There had been no bread in the place for three months, and such food as there was I saw for myself in the market. The only edible thing there on the lowest European standards was chicken - about five chickens, 15 roubles each. Where should a peasant get 15 roubles? The famine is an organised one. Some of the food that has been taken away from them - and the peasants know this quite well - is still being exported to foreign countries.



Muggeridge

It is impossible adequately to describe the melancholy atmosphere of this little market town; how desolate it was, the sense of hopelessness pervading the place... the population was, as it were, torn up by the roots... I saw myself a group of some 20 peasants being marched off under escort. This was so common a sight that it no longer even arouses curiosity.

Malcolm Muggeridge

Westminster: August 2, 1945

"WHICH is the way in?" "Straight on, through there..." The newcomers were at sea, and there were so many newcomers - 345 - that the old hands were reduced to a wild wonder and uncertainty about their own bearings. An old Labour warrior from Lancashire, who has sat in half a dozen Parliaments, remarked as he pushed his way through the thronged Central Hall towards the Chamber, "Dear me (he is Welsh), it's like a Labour party conference." And indeed it was.

Harry Boardman

Nassau Point: July 22, 1969

THIRTY-ONE hours is a terrible stretch of time to spend continuously with a wife, let alone a network of helpful information necessary to follow the blast-away, the lunar insertion, the powered descent, and the walk around the surface had been fed to us when we needed it, the whole show could have been wrapped up in about 50 exhilarating minutes. It was the other 30 hours and 10 minutes that hurt.

The powered descent [was greeted by] the endless reiteration of "Golly!" "Great show!" "Fantastic!" Then we came to the real thing, a perspective of desert, and the white blobs of Armstrong and Aldrin plomping around like little gazelles. This, of course, was the true glory. One science fictioner assured us, minute after soaring minute, that "This is the Year One. This is Alpha and Omega. This is the hermitzavah. This is the moment of transition from infancy to adulthood - er - to adulthood." That was worth a replay.

The astronauts continued to bob around on the Sea of Tranquility while we floundered on the Ocean of Banality.

Alistair Cooke

Sexual revolution: November 10, 1975

THE OTHER day I had a revelation. I suddenly realised that sex, that modern obsession, was never meant to be enjoyed. There I sat in front of the telly, watching films of gorillas humping other gorillas, stallions heaving over mares, bulls bumping over cows, elephants leaning on female elephants, and lions hanging blossoms. Yet the obvious took years to dawn. The animals were not enjoying it. The male gorilla went bumpy bump, with an expression of ineffable boredom on his human face, while the female chewed a banana leaf. The stallion, it is true, pawed the ground a bit first, but in the end he couldn't manage it at all without human intervention. The mare gave a faint sigh and stared gloomily at the ground. The bull got it all over within two seconds flat and the cow blinked once... Once the knowledge has been admitted it explains so much. Only mankind has put not only love but sex on a pedestal, where it never belonged. Next time you feel the glories of sex are passing you by, take a look at the faces of a couple of mating gorillas. It'll cheer you up no end.

Jill Tweedie



Even the great shall topple... Gary Weaser's picture of the platform shoes Naomi Campbell fell off on the catwalk. A Guardian photographer again catching the essence of the age

Riding the Big Dipper

MODERN TIMES Peter Preston on the triumphs and the tragedies

ONE DAY in April 1932 the editor of the Manchester Guardian was sailing with his teenage son on Windermere. A spring squall. The boat capsized. Richard Scott, the boy, swam ashore and looked round for his father. But Ted Scott was dead, drowned. Richard (who I saw again only a few days ago, so close are the bindings of modern history) can still vividly recall how he felt. A few moments of jolting tragedy had changed the path of the Guardian in ways we can only guess at. Ted, at 49 and after years of waiting for C P Scott to hand over, had barely begun his editorship. Without that squall he might have remained in charge for two decades or more; and the editors who followed him would have missed their time. No Crozier, the old foreign desk man who guided the Guardian so surely through the years of threat and war. Probably no A P Wadsworth, the reporter from the Rochdale Observer whose dozen years in the chair made him one of the best respected (and most loved) journalists in post-war Britain. But another wave flowed from Windermere. John Scott, the son C P had helped make managing director, saw, with dreadful clarity, what sudden death and sudden death duties could do to a family business - how the Manchester Guardian might, with more ill fortune, itself be brought to penury. Four years later the Scott Trust was formed: the family which had built the paper, and bought the Manchester Evening News to sustain it, essentially gave their riches and their comfortable futures away.

It was an act of unique generosity. It also defined what must happen next. The Manchester Guardian couldn't merely sit in Cross Street as a memorial to C P Scott. Nor could it fall into the cosy niche of abating the international reporting that had made it renowned and become just a reasonably affluent, tolerably ambitious English provincial morning paper. It had to be more than that. The freedom of life without a conventional proprietor was also the inevitability of challenge. Some of the debates of the fifties seem far more ancient than that. News on the front page? For heaven's sake. But Laurence Scott, John's eldest son and successor, had a revolutionary dream. The Manchester Guardian, by then with a young Scot called Alastair Hetherington as editor, couldn't sustain its reputation or the advertising to pay for it from Manchester alone. It had to come to London.

The Guardian (minus Manchester) arrived on the marshes in 1959. London printing began in September 1960 from the grisly Sunday Times building in Grays Inn Road. And here, if you like, everything began again. Alastair was already a towering reputation; his stand against Suez had won him that within a few days of Wadsworth's death. He and Laurence marched on London. They knew it would be tough. I never know if they realised how tough. Circulation just before the move had hovered a touch below 200,000. After a nail-biting 1961, it put on 70,000 or so - and then stopped growing. I joined in 1963. I was interviewed in the old wood-paneled offices of Cross Street, but already the last train for London seemed always to be on the point of leaving, with the editor aboard. We had, whether we quite knew it or not, got into a different game. This wasn't just a case of bringing an existing paper South. At heart - 20 years ahead of the rest - it was the creation of a new paper.

Not enough of a sale. Nowhere near enough of an advertising take. The crisis that always besets new newspapers came in 1966. Laurence, in honourable despair, secretly engineered a merger with the Times. Roy Thomson, grinning through pearly glasses, had warned him against London from the start. Alastair gallantly resisted. The Trust now chaired by the boy who had walked ashore alive from Windermere, agreed. Those of us who survived sat in Grays Inn Road as great journalistic names at neighbouring desks departed in the first big coat cull. Fresh managers from outside - Peter Gibbins, Gerry Taylor - arrived. We re-grouped. We re-built. We re-designed. The Guardian in London had to be a complete paper like other papers. It acknowledged that real world and added horse racing. Mary Stott arrived from Manchester, and a full women's page with leggy fashion came with her. (Mary was a professional and a campaigner who first helped women at home with young children feel not only that they weren't isolated but that,



Thatcher rampant: the Iron Lady in 1983 by Denis Thorpe

together, they could move mountains). There was the first "facing page" - news analysis and comment - whose op-ed successor still faces the leader page today. Gradual triumph. The Guardian, innovating steadily, became fashionable - no metropolitan - as well as essential to following the Wilson-Heath convolutions of the early seventies. For many months, circulation topped 360,000. In 1975, after 19 exceptional years of change, Alastair Hetherington left to become the BBC Controller back in Scotland. The final choice for his successor was between his deputy, John Cole, and me. The Trust for the first time tried a quasi-democratic soundings system. I got it. Here narrative becomes even more of a roller-coaster. We were still living on the financial knife edge. The Manchester office had to be drastically truncated, ended as a parallel centre for producing the same paper twice over. Nearly 60 journalists left. Clocked, forced price increases backed away at sales. By August 1977 they were down to 258,000, only gradually recovering until, in 1979, the Times went on strike. A defiant Duke Hussey, then chairman of the Times, saw them out for almost a year. We hit 400,000. They came back. We stuttered, then roared away through the early eighties, consistently over 500,000 in 1986. Fasten your seat belts for the Big Dipper. There was Wapping. There was the Independent. There was the redesign you still see today, plus the Weekend magazine, the G2 tabloid, the growth of Education and Society and Media jobs which Gerry Taylor had helped begin a decade before. The Independent almost passed us, and then fell back and back. Rupert took cleaver to the Times cover twice, but we held fast. Since I gave up the editorship 15 months ago, media interviewers sometimes ask questions about, say, 1965, as though it were pre-history. True, in one sense.

Nothing ages faster than a daily newspaper. You can't live on the laurels of 175 years. Sink in tradition and you just, absolutely, sink. The world has to be seen fresh every morning. When you become a Guardian editor, you are instructed, merely to "carry on as heretofore". It means something. It means writing - from Alastair Cooke to Maggie O'Kane - that lives. It means the political freedom to decide, without interference, what seems right. It means the chance - Mary Stott to Liz Forgan - to be there when women sent a social change. It means, with a little pomp as possible, that there's a role to play. It means you can make your own jokes; and your own mistakes. I'm happy to salute this birthday. But not, please, with too many trumpets off. I remember, as a junior department head, the 150th year of partying with Willy Brandt leading the revels. Getting through to that was difficult enough, over the rapids of 1966 and the rocks awaiting the great London adventure. Getting through again to 175 - circulation down to white knuckles, then doubling, then under siege, then briefly in clear waters - hasn't been some march of time. It has been part of the constant struggle to be relevant. In one quarter century the whole shape of the British newspaper industry, and the way it produces itself, has changed out of any recognition. That is not going to stop. In 25 more years, will there be four newspapers left, as Roy Thomson used to predict? Or three? (the later Murdoch version). Will we have fallen through a hole in the world wide web? Maybe. But only if we stop doing what the modern Guardian, the paper that in a way began in a small on Windermere, has been about. We were given our freedom in abrupt tragedy. The challenge, the challenge of survival and strength, is just to keep on using it.



David Davis

# King of the BBC's fairy castle

There was a quality of reassurance and permanence about the voice of David Davis, who has died aged 87. It is a voice remembered by listeners to BBC radio's *Children's Hour* three decades after the programme — the main strand of radio broadcasting for children from 1922 — went off the air. One of its most notable features was that those who produced the programmes presented them at the microphone. *Children's Hour* was excellent because it never talked down to children — and David never forgot that.



David Davis... spellbinding

He was one of three brothers, born in Malvern, an area which never lost its appeal to him. His parents' values and principles were always practised by David, and subconsciously borne in mind when planning his children's programmes. Educated at Bishop Stortford School and Queen's College, Oxford, he became a schoolmaster in 1931. Three years later he read an advertisement for a *Children's Hour* accompanist — piano playing gave him great joy — and the direction of his life was transformed. He started on January 1, 1935, sharing an office with the pioneer of *Children's Hour*

— Derek McCulloch — Mac to his listeners. (The titles "uncles" and "aunties" were only used in the earliest days of the programme. McCulloch only became "uncle" after he left the BBC.) Davis became David, by which name he was known henceforth. David's earliest work was piano accompaniment, preparation of gramophone recitals and choosing music for Mac's plays. But soon he began presenting programmes. In 1935 he married a colleague, writer and artist Barbara Sleight, who thanks to the BBC rules of the time, then had to resign. In 1936 he started his storytelling career with Anna Sewall's *Black Beauty*.

When war came *Children's Hour* left London for Bristol, where David made fine *Winnie The Pooh* adaptations. In 1942 he joined the Royal Navy, and was shipwrecked in the eastern Mediterranean. In 1946 David returned to *Children's Hour*, as a senior assistant under Derek McCulloch until 1950, when May Jenkin took over with David as her deputy. He extended his composition of incidental music for plays especially those by Barbara Euphan Todd of *Worzel Gummidge* fame.

Two years later David took over the programme. He reviewed the philosophy of children's broadcasting and encouraged the BBC regions to submit more programme ideas, thus tapping new talent and strengthening *Children's Hour's* national identity. Josephine Plummer, his deputy, called David "the prince of storytellers". He read Kipling, Bunyan, Beatrix Potter and Alison Uttley and special commissions such as Mary Norton's *The Borrowers* and Mervyn Peake's *Gardens Under the Glass*. His drama output was immense. It included the classics, *Sea Lion's* swashbuckler, the quieter summer *Green Sailors* adventures, and

*Jennings At School*. David's favourite productions were *The Eagle of the Ninth* by Rosemary Sutcliffe and Philippa Pearce's *Tom's Midnight Garden*. David's success was measured by the huge mailbag and the cards received for the annual request week. Then, at the end of the fifties, the BBC hierarchy began to run the programme down. *Children's Hour* lost its title in 1961, the purse-strings were tightened and personalities like David were no longer able to present their own programmes. He was devastated by the dismantling of his life's work and many around him remarked that he had become an old man. The BBC regretted its decision, later, I became the *Children's Hour* historian and in 1964 had a letter from David. "For it to end like this I know for you as for me something in the way of a major tragedy," he wrote. Sensitive and gentle, open and direct, it never entered his head that some BBC chiefs could be devious and secretive. With the demise of *Children's Hour* David worked in the drama department until he retired in 1970, and was awarded the MBE for services to children's broadcasting. I first met David when, as a

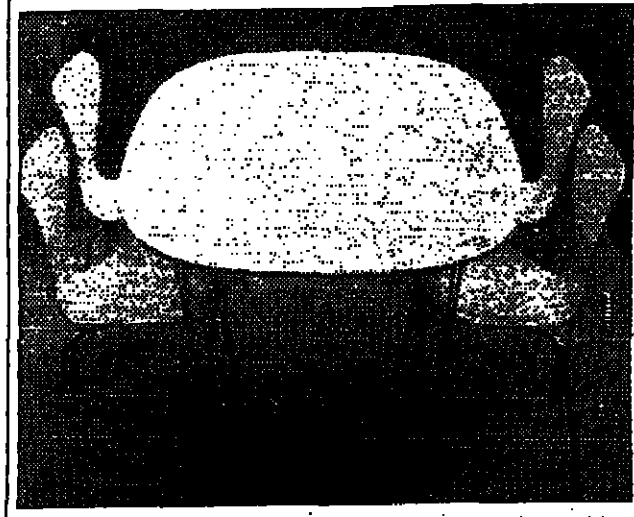
boy — my uncle was a senior house engineer — I regularly visited the studio. David said I should write the history, because, as he remarked, "we were there, weren't we?" and he wrote the foreword. David was a loyal friend, small of stature but big of heart. He was a Christian, a man of literature and music who loved his garden and had a happy married life, sadly ended by his wife's 1982 death. But, in the memories of *Children's Hour* listeners, he will live on.

**Wallace Gravett**  
Graham Gould writes: The voice of David Davis, calm, kind and courteous, matched the man. I knew him from the day I became a *Children's Hour* producer in 1953, the year he became head of *Children's Hour* and inherited the fairy castle built by Derek McCulloch and May Jenkin. It was an edifice full of wonders, which he embellished. He was a marvellous head of department, leading by kindness, wisdom and example. He brought out the best in all of us and taught us all so much. But none of us could read a story as well as he could, nor produce a play so splendidly. To see him work

in his office or in the studio was to see a man who knew exactly what he wanted, and just how to get it, with the minimum of fuss. He sat there, smoking his legendary pipe, guiding and encouraging while magic was made for the listeners. I produced many of his readings, his preparation of his scripts was meticulous, every line was carefully considered. He liked to sit in a darkened studio, with just a reading lamp on his script. He was so expert that you never heard a page turning and through the microphone a whole world was created, drenched in atmosphere. It was spellbinding. The 1984 closure of children's programmes devastated him and us. The fairy castle was demolished, yet he did walk out of the ruins, and began a new BBC life, greatly helped by his wife Barbara. He directed many plays, and continued his readings all with undiminished excellence. That MBE, awarded when he retired, somehow seemed to console him, a little, for the awful sound he had received in 1964.

William Eric Davis (David Davis), broadcaster, born June 27, 1910; died April 29, 1996

Piet Hein



Shaping up... Piet Hein and the Super Ellipse table, designed for democratic seating where nobody sat at the corners or at the top. The Y-chairs were designed by Danish architect Arne Jacobsen



## From grook to super ellipsoid

PIET HEIN, who has died aged 90, was poet, designer, inventor and one of the world's best-known practitioners of applied thought. And he invented the grook and the super ellipsoid. In the sixties he came to England from his native Denmark, hoping to reach a larger audience for his ideas. He was already well-known for his short aphoristic poems, grooks, and for his design ideas of which the super ellipsoid is the best known. The shape combines a rectangle with a circle in a new geometrical figure, without straight sides or corners. Originally created for Stockholm town planners as the shape for a motorway intersection, the super ellipsoid reappeared in skyscrapers across the world and in Mexico City's Olympic Stadium. The shape also provided a "democratic" dining table where nobody sat at the corners or at the top. Turned into the "super egg" executive toy, he gave the world an egg that stands on its end.

simple, poignant insights from daily life, which could border on the banal but more often offered real insights. Many have become modern Danish proverbs and one became part of the American anti-Vietnam war protest: *The noble art of losing face may one day save the human race and turn into eternal merit what weaker minds would call disgrace.* Although not a political thinker, Hein opposed the Nazi occupation of Denmark. After liberation he became part of a group of anti-ideology poets, whose experience of the war and then the cold war, set them against strong leaders and all-encompassing ideologies. In its place they offered the grass-roots world view of the ordinary Dane, often in an ironic or humorous vein. As a poet, Hein successfully popularised this everyday idealism.

Creative play was an interest which Hein shared with Einstein, whom he met as a young theoretical physics student at Copenhagen's Niels Bohr Institute. All three — Einstein, Bohr and Hein — shared an interest in world peace. Hein believed that complex problems had simple solutions, that ordinary people could have extraordinary insights. A sceptical optimist, he looked for the simple, rational and commonsensical in a world that seemed predominantly confusing. In his grooks, a kind of humanist haiku which he developed in the thirties and forties, Hein came up with his own art form, brief, illustrated stanzas providing

A PART from theoretical physics, Hein also studied philosophy, arts and engineering. This equipped him for his central project: the union of arts and science. To Hein, opposites were a creative challenge rather than a source of conflict. From grook to super ellipsoid, he worked on the union of opposites, aiming to create some simple harmony in the chaos of life. The jury is still out on the success of Denmark's super egghead, but the dignity and importance of the project still stand and the world rewarded Hein with a series of international prizes.

Hans Christian Andersen

Piet Hein, poet and inventor, born December 16, 1905; died April 18, 1996

Peter Swales

## City to the core

NOTHING in football, or indeed in life, ever surprised Peter Swales who has died aged 83 after a triple heart attack. When things went right for Manchester City the chairman envied the anonymity of a fan, able to wave a scarf in triumph. When things went wrong, as they often did during his 20 years in the chair, Swales dodged the media grilling or the flak from the terraces.



Terrace target... Peter Swales sits it out as the Maine Road fans shout for him to go

PHOTOGRAPH JOHN SILES

Swales was the son of a fishmonger in Ardwick, deep in City territory. His love of the club was unimpaired by the anguish of a takeover campaign which resulted in his resignation 26 months ago. "It was a hell of a wrench, and that's an understatement, when he left Maine Road," said Noel White, his close friend and business associate for 45 years. "He had blue blood in his veins. He always respected Manchester United for what they achieve, but he never wore anything red for 20-odd years. I don't know if I should be congratulated or condemned for introducing him to club football." In 1961 Swales, and White, successful business partners, saved Altrincham FC from the knackers yard of football. The Robins

claimed notable scalps in the FA Cup and Swales crusaded to establish the Northern Premier League with its promotion ladder to League status. He joined the City board as he left it — in the heat of a takeover battle. During his regime City went down from the First Division twice and won promotion twice. Meanwhile a success-

ion of managers came and went. They had a free hand; indeed maybe too free and too supportive a hand, claimed Swales's critics, as major success eluded his club despite ambitious, sometimes rash, investments in the transfer market. Yet in 1976 City beat Newcastle in the League Cup following failure against Wolves two years

earlier. And the 1981 centenary FA Cup Final saw City and Spurs draw a memorable 1-1 before City lost the first replay ever staged at Wembley. Swales declined the chance to become City's life president with seats in the directors' box. It was there that he had been subjected — often with wife Brenda, Hilary and Carolyn — to the "Swales Out" chants. He craved success just as much as the supporters.

Swales was an influential and respected figure at Lancaster Gate as a member of the FA council and chaired the senior international committee for four years. A private person, he had a strong presence and was never afraid to stand up

and be counted. Despite everything Swales still wished the club well. "Tell them the last thing I want is for them to go down," he said. Tomorrow City fight for Premier status survival. Derek Potter

Peter John Swales, football club chairman, born December 25, 1912; died May 2, 1996

Weekend Birthdays



FIFTEEN years since his more flamboyant predecessor was murdered, Hosni Mubarak, 68 today, still sits on the Pharaoh's rickety throne. Egypt's president survived an assassination attempt last summer — an ominous and very personal reminder of the menace of militant Islam. Anwar Sadat paid the ulti-

mate price for his separate peace with Israel; even now Mubarak has little to show for it. King Hussein and Yasser Arafat reap the rewards while Egypt is attacked, at home and abroad, for too tight an embrace of the West and its favourite Middle Eastern son. Terrorism, an obsession for Mubarak, seemed to have been

contained inside Egypt until last month when 17 Greek tourists were gunned down in Cairo. Human rights abuses are rising sharply and some desert signs that the *Rai* is losing his touch. "Mubarak knows that politics in the land of the Nile can be slow and passive. Egyptians have always had a Pharaoh and it's his job to rule and Islam tells him so," argues a western diplomat.

Today's other birthdays: Michael Barrymore, entertainer, 44; Ron Carter, jazz bassist, 59; Richard Hill, rugby player, 35; Mark Lennox-Boyd, Conservative MP, 53; Dr Sandy Macara, chairman, BMA, 64; Prof Marisa Robles, harpist, 58; Eric Sykes, comedian, 73. Tomorrow's birthdays: Sir Michael Angus, chairman, Whitbread, 65; Vivian

Anthony, secretary, Heartmasters' Conference, 58; Sue Atkins, boxer, chair, British Ladies' Boxing Association, 35; Alice Faye, actress and singer, 84; Joanna Foster, former chair, Equal Opportunities Commission, 57; Michael Lindsay-Hogg, film director, 56; Michael Palin, comedian, actor, 53; Lady Plowden, former chairman, IBA, 86; Roger Rees, actor, 52; Tammy Wynette, singer, 54.

Face to Faith

## A woman worshipped

Nicholas Bradbury

THEY were the words not of a fanatic, but of a philosopher and scholar. "I have seen Anandamayi Ma. I have known her. If she is God then certainly He deserves to be worshipped by the whole world," he said. This acceptance of the possibility of divine incarnation within living memory demonstrates a non-Western way of thinking about religion. At the invitation of a Hindu friend, I was in Allahabad at one of the festivals being held all over India to celebrate the centenary of the birth of an April 30, 1896 of the Hindu saint, Sri Anandamayi Ma. A busload of children came to lead the worship. Some devotees had travelled from as far as Bombay and Delhi. There was incense, chant-

ing, garlands and drums. But what I had not expected was for my Christian faith to be jolted by being brought face to face with 50 many people who were prepared to accept in the 20th century that this woman was God. I felt as if I'd woken up in 1st-century Palestine among people who spoke of Jesus as they had known him. Anandamayi was born into a pious Brahmin family in what is now Bangladesh. After a happy childhood, she was married at 13 and for five years was a hardworking housewife. At 18, she began some sadhana (spiritual exercises) which unfolded almost spontaneously for six years. Her body simply assumed the various yogic asanas (postures). Her educated husband watched, amazed, as his wife's hands made all the correct mudra (ritual gestures) in

close alliance with her breathing. He swiftly sensed her divine power and she became his guru. The sadhana ended in 1924 after more than a year of maunam (silence). For the next 60 years she travelled all over India. She rarely gave speeches; mostly she answered questions. People gathered in tens of thousands to get a sight of her. She was a crucial mentor to two prime ministers: Nehru and his daughter, Indira Gandhi.

India's leading scholars and ascetics came to her and were dumbfounded by her knowledge of the Vedic tradition, both its scripture and philosophy. Professor Gopinath Kaviraj, principal of the Sampurnanand University of Sanskrit, devoted much of his life interpreting her. Her teaching was simple, remember God as much as you

can but at least for 10 minutes a day. This is the most important thing you can do. None of life's pleasures bring lasting fulfilment but pain. Laugh as much as you can and do it with your whole being. God's grace flows perpetually, all you have to do is be receptive to it. Above all, desire the knowledge of God.

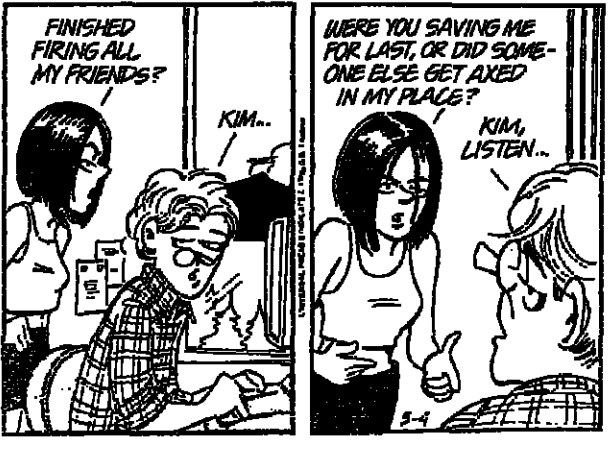
My trip to India challenged my Christian faith. It confronted me with the extent to which I have allowed "belief" in God to substitute for experience of God. I began to suspect I had made being a follower of Jesus a substitute for embarking on my own journey of religious enquiry. Hindus believe that what the Buddha, Christ, Mohammed or Krishnamurti discovered deep within their own consciousness can be discovered by all of us. Religion in India is about seeking a knowledge that changes you within. For a Hindu, external actions need to be married to inner purity. So, for example, it's not good enough to refrain from hitting people if you still burn with aggression inside. Hindu spiritual practices aims to trans-

form you into a person of permanent inner peace. I found this approach to spirituality much more potent than my experience of Church of England religion, so often stuck in sterile theological argument, or cheap submission to Jesus as "Lord" without any depth of spiritual encounter.

Perhaps all inter-faith encounter can teach us how different are the premises of Eastern and Western religions. Hindus believe the individual can merge with God. Christians always retain the relationship of creature to Creator. But in both cases, God is a God of compassion and of love. Since my encounter with Anandamayi inspired me to love my God more deeply, perhaps I'm both a Christian priest and fledgling Hindu. I wonder if that is allowed.

Nicholas Bradbury is a Church of England priest in north Wiltshire

Doonesbury



BY GARRY TRUDEAU



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# Money Guardian

## Sun set to shine for the policyholder

### Cash and shares windfall as insurer goes to market

Jill Papworth and Teresa Hunter

**T**URMOIL continued unabated in the insurance world yesterday with the news that the Royal and Sun Alliance are to merge, triggering speculation that many household names in insurance could disappear.

Mutuals on the verge of floating on the stock market or being taken over face calls for an immediate pay-out rather than a promise of riches to come

new interpretation of tax rules by the Inland Revenue towards life company planning to de-mutualise. Mutual insurers, which are owned by their policyholders, have been seen as under greater pressure to merge or be taken over than public companies such as Sun Alliance and the Royal, which are owned by their shareholders. Like the building societies, mutual life companies have billions of pounds of reserves which can be shared among policyholders if they are taken over or sold. Colonial's 360,000 life and pension policyholders will receive an average windfall of £1,500. But, unlike previous insurance sell-offs, Colonial's plans are ground-breaking because customers will benefit from an instant windfall of cash or shares. Other insurers claim that making immediate payouts could be the tax shelters of-

ferred by a range of life and pension policies in jeopardy and have instead offered special bonuses, paid to customers when their policies mature. Clerical Medical, for example, will pay such bonuses to its customers if they vote in favour of the Halifax's takeover plan at a meeting next month. However, policyholders must wait until their contracts mature before they can benefit from the Halifax's £900 million injection of cash. A Clerical Medical spokesman said: "We took legal advice which warned that if we made an immediate share-out then the tax concessions on our life and pensions poli-

last October, when Norwich Union, Britain's second largest UK mutual insurer, said it was considering the possibility of a flotation. The Norwich Union said yesterday that it would be taking its final decision in the autumn, but had not ruled out paying shares or cash to members at the time of flotation. Mutuals on the verge of floating or being taken over, such as Clerical Medical and Norwich Union, will now face calls from their customers for an immediate pay-out, rather than the promise of riches to come. Others tipped to be looking for partners include Friends Provident, Scottish Amicable and NPL. Unless companies are able to make up-front cash payments they may meet customer opposition. Co-operative Insurance - which has no plans to abandon its mutual status - is already distributing £27 million as a special dividend to loyal members. But James Higgins, a director of independent financial advisers Chamberlain de Broe, warns there is little, if anything, to be gained by short-term speculation on the future of insurers. He said: "The average charges for a typical 25-year term endowment are around 2.5 to 3 per cent each year the policy runs, which equals about 75 per cent of the first year's premium. "If you try to pull out in the early years, most of what you've put in does not have a realisable value. So if you invest now to cash in on a takeover you expect to happen in the next four years, for example, the early surrender penalties could halve or even quarter its value." Even investors who are seeking an endowment policy as a long-term commitment should not choose one simply on the strength of a short-term benefit. He added: "These types of products are so long-term and involve such heavy investment that these short-term bonuses will pale into insignificance over a 25-year term."

cies would be placed in jeopardy. Pension policies enjoy a very favourable tax regime, and, to a lesser extent, some life policies can offer tax advantages to some customers. However, a Colonial Mutual spokesman said that it too had sought detailed legal advice and had discussions with the Inland Revenue, which had not, as yet, objected to its plans. He said: "As far as we are concerned we are simply switching ownership rights with shares, and this is a completely separate transaction from any individual life policies. The law is very complicated in this area, but our initial discussions with the Revenue have not indicated that they have major problems with what we are planning." Conversion and takeover bonus fever was first fanned



## Policy of joining forces means a new deal for customers

**S**UN ALLIANCE and Royal's three million UK policyholders will be dusting down their insurance policies this weekend and reading the small print despite assurances from both insurers that their merger, announced yesterday, would have no impact on existing customers. Comforting though the reassurances might seem, the household, motor and life policies offered by the companies are not identical and will be subject to substantial alterations if the merger goes ahead as planned in August. Similarly, their methods for dealing with claims differ, and the customers of one, if not both, companies should expect changes on this front. Policies which are actually in force at the moment should reach maturity without too many mishaps, but customers should not renew automatically, as they might have done in the past, but rather study the details of contracts already on offer. On the household front, both companies offer a dis-

count for those aged over 50. Royal offers a further 10 per cent discount for neighbourhood watch membership and a further 15 per cent for approved alarms and locks. Sun Alliance offers 5 per cent discounts for an alarm or neighbourhood watch membership and a further 5 per cent for approved locks. It remains to be seen whether future discounts improve on these packages or not. Sun Alliance also has a Firemark policy for larger sums assured, which provide all-risks cover for possessions on contents of at least £30,000 - wherever they may be in the world. The Royal has no such policy - indicating it could therefore, be discontinued in the future. On the life front, Sun Alliance has always specialised in what is known as "impaired lives" insurance, which attempts to provide

cover to people with poor medical records whom other companies refuse. It also offers discounts for a positive health record, providing cheaper cover for those in particularly good health. Finally, Sun Alliance is one of a few companies to offer a guaranteed corporate bond personal equity plan. Royal sees its strength in its innovative claims handling procedures. All claims are dealt with electronically on a computer system, in many cases without any need for claims forms to be completed. It also has its own legal advice and counselling subsidiary, and increasingly, arranges for lost or damaged items to be replaced, rather than just sending a cheque. Underwriting of household insurance also differs. The Royal also uses full rather than regional post

codes when assessing risk, and can therefore narrow underwriting down to as few as 15 houses. One interest the companies do share in common is a substantial exposure to subsidence claims. A spokesman for Sun Alliance said that one of the reasons behind the merger was to offer a better service to customers, which would include a speedier claims service. However, the spokesman added that with subsidence claims, the aim was to cause as little disruption to householders as possible, which means those with homes suffering from this blight will probably still face long waits. The need to push premiums down and offer competitive policies has been a major driving factor behind the companies' merger plans, as both have struggled to compete with the new breed of direct insurers, which cherry-pick the best risks and then offer them rock-bottom premiums. The companies claim that the huge savings which will result from the consolidation will be passed directly to customers to bring down their insurance bills.

## How to cash in on the float

Cliff Jones

**F**IDELITY Investments has produced a "carpetbaggers handbook" to help people cash in on building society flotations. The guide, called "What will become of your building society?", helps savers identify the best windfall opportunities for building society investment. Timing of the guide's publication is controversial, as several societies this week ejected hundreds of savers suspected of speculative investment. The National Counties, Loughborough and Standard building societies this week closed the accounts of people who did not live locally and joined after January 1. Marsden Building Society has also said it will begin booting out savers which it believed had invested for the wrong reasons. One man who needs no advice on investing for windfalls is Michael Hardern, who claims to have 52 membership accounts. Mr Hardern founded the Members for Conversion Action Group to persuade societies to become banks and give free shares to members. Seven societies have ejected Mr Hardern and he is seeking damages through the small claims procedure, though he can understand the mutuals' concern. He says: "I am worried about 2500 free shares, but many staff are worried about their jobs if they are taken over." Many societies tried to deter carpetbaggers by raising their minimum investment levels. Birmingham Midlands stands at £1,500 in its city centre branches, and Leeds & Holbeck, Universal and Vernon's levels are £1,000. The Skipton has raised its account opening to £2,500 as has the Chelsea, which is tipped by Fidelity as a takeover favourite. Societies such as Dudley and Darlington, have closed their accounts until the "merger mania" dies down. The rush of speculative investment has increased since Bank of Ireland made a £500 million bid for Bristol & West last month. The society closed all accounts to new investors just days before the deal was announced. The Fidelity guide says that investing for a windfall should still be regarded as a long-term investment and savers should go for the best interest rates as well as the best takeover or conversion prospect they can find. The guide has been criticised by Ken Cully, Chairman of the Building Societies Association. He said: "It concerns me that they are recommending people to open accounts with societies for the sole purpose of seeing them close down. We are reputable financial institutions, not betting shops." © The Fidelity guide is free on 0800 414161

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Money Guardian is edited by Margaret Hughes

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Midlands Electricity in talks • US firms tipped for bid that may top £1.7bn • Lang faces legal challenge

# Predators back in power

**Simon Beavis**  
Industrial Editor

**N**EW takeover frenzy gripped the electricity sector yesterday as Midlands Electricity announced it was in talks with unnamed bidders which could lead to an offer worth more than £1.7 billion.

General Public Utilities — the US firm which nearly 20 years ago was at the heart of the Three Mile Island nuclear accident — topped the list of possible bidders for MEB although there were sugges-

tions that it could be acting with another US firm, possibly Houston.

Elsewhere there was speculation that the MEB board had been approached by the privatised water company Severn Trent, which some observers believe is keen to follow in the footsteps of North West and Welsh Water in creating super-utilities spanning the two sectors.

The MEB move was a new setback for the Government in its attempts to quell the bid activity in the sector.

On Thursday, Trade Secretary Ian Lang threw the sector into renewed chaos when he

blocked bids for the two generators, National Power and PowerGen, by saying the Government would retain defensive "golden shares" until competition was more firmly established. His move was an attempt to put off US investors eyeing the generators.

Mr Lang last week blocked PowerGen from bidding for MEB but it retains a 20 per cent stake in the regional electricity company. After a 38p surge in MEB's share price to 435p yesterday, that stake was worth just over £60 million more than when PowerGen bought it last autumn.

The generator — still fun-

ding at Mr Lang's decision to block its MEB ambitions — is believed to be ready to apply for a judicial review and may decide next week whether to go ahead with a challenge.

City analysts believe that an American bidder would have to pay at least 450p a share to win control of MEB, valuing the company at about £1.7 billion. But some think that the price could rise above £5 to match the top rates paid in the frantic takeover activity of the past year that has left half of the 12 RECs under new management.

MEB is one of the biggest of the original RECs, with

2.3 million customers. In the first half of last year it made profits of nearly £88 million on turnover of £821.6 million.

Since the Government's decision to overrule the Monopolies Commission and its own civil servants by blocking a friendly merger between PowerGen and the group, MEB has become one of the most sought-after takeover targets — particularly for US groups.

With the US industry coming under increasingly strict control from American regulatory authorities, companies have found the UK electricity sector an easy route to expan-

sion, lured by the prospect of light regulation and rich earnings.

General Public Utilities was first linked to MEB during the MMC inquiry into the PowerGen bid, when the REC was forced to admit that it had received bid interest from elsewhere.

Houston Industries has made a number of unsuccessful approaches in the British market.

Duke Power, which the Government tried to line up as a trade buyer for Britain's nuclear reactors, was also yesterday in the frame as a possible bidder for MEB.

## Notebook

### Sun shines while phone's cut off



**Edited by Mark Milner**

**U**SUALLY when you just miss a bus Sod's Law dictates that it will be ages before the next one arrives. Not so with City mega-bids. Just when the Square Mile's movers and shakers were commiserating with themselves over the collapse of the BT/Cable & Wireless bid talks — my dear, think of the fees on a £35 billion merger — along come Sun Alliance and Royal Insurance with plans for their own marriage.

Of course, £5 billion and some does not quite compare with the size of the telecommunications deal which came unplugged on Thursday evening. It is clear, however, that the Royal Invest in the Sun (or vice versa) is likely to be only the first round in a fresh round of consolidation within the sector.

Neither of the companies can have any complaint about the enthusiasm with which news of their plan to get together was received in the City. The share prices of both steamed ahead, dragging along those of others likely to be caught up in the latest outburst of enthusiasm for corporate chumminess. But while there is a good case for arguing the positive side of the alliance, there is an underlying element of insurance too.

The combination of Royal and Sun looks likely to give the pairing a stronger global presence than either could achieve separately — though it is arguable whether those whose jobs, both here and abroad, will be swept away in the merger will be quite so enthusiastic about talk of a "perfect fit".

Europe, where Sun is well established in the north and Royal is strong in the southern sector, is likely to prove a fruitful field as the single market in insurance becomes more developed and demand increases in such areas as private pensions and health insurance, where British companies have real expertise.

In the US, the two companies should form a strong entity with Royal's rise offsetting Sun's rise tendency — though the capacity of the American market to surprise even the best run business should not be underestimated. Even emerging markets, India and China, are being talked about with enthusiasm.

That said, however, there does look to be a defensive element to the deal. Technology, and rivals — like Direct Line — which have been made possible by technology, mean that the costs the two companies will be able to take out of the business in the UK will come in extremely useful. Some industry watchers are likely to feel, too, that Royal will benefit from exposure to Sun's management team.

That said, the deal looks a sensible step for both companies. The snag is that the overriding impression which may be created is that, in insurance as in war, God is on the side of the big battalions.

The industry does have some hard choices to make about the way it will proceed in the future. Away from commodity lines (like car insurance), will it, for example, be content to be a designer and

wholesaler of policies which are sold through the branch networks of other financial services groups, or will it seek to maintain a strongly competitive retail presence?

There is a danger that, for some at least, size will come to be seen as a solution, that at a time of change it will be enough to be seen to be doing something, especially if that something is to be getting bigger.

It is all too easy to be lost to the lure of economies of scale. The UK insurance industry might care to draw the lessons from its own experience in the 1960s and 1970s, when putting together different cultures and computer systems deflected too much time and attention away from the real task of selling insurance.

That would be a mistake. Bigger companies can sometimes be a way of losing more money.

### The jobs paradox

**A**MERICAN non-farm payrolls data has become one of the most eagerly awaited statistics on the monthly round of economic releases from governments round the world. In February, a huge and largely unexpected, rise sent financial markets round the world into a tailspin. Pundits pondered possibilities of economic overheating and a counter strike from the Federal Reserve in the form of an interest rate increase. In March, a much smaller, but still robust, improvement unsettled Wall Street. This month the market was determined to get its retaliation in first. On Thursday, the New York stock market tumbled by almost 80 points.

In the end the jobs data for April was a dog that didn't bark. The recent steep rise in employment virtually ground to a halt. Rather shamefacedly share prices nudged upwards and bond yields edged in the opposite direction.

Yesterday's figures may put a line under what has been outside the markets, has been a perplexing affair. Why should rising employment be treated as bad news? No doubt the experts will talk of incipient inflationary pressures, of the risks of rising interest rates. But what, for example, would Germany's Chancellor Kohl, French president Jacques Chirac, or even John Major swap for more than 800,000 new jobs over the next couple of months?

### Golden shock

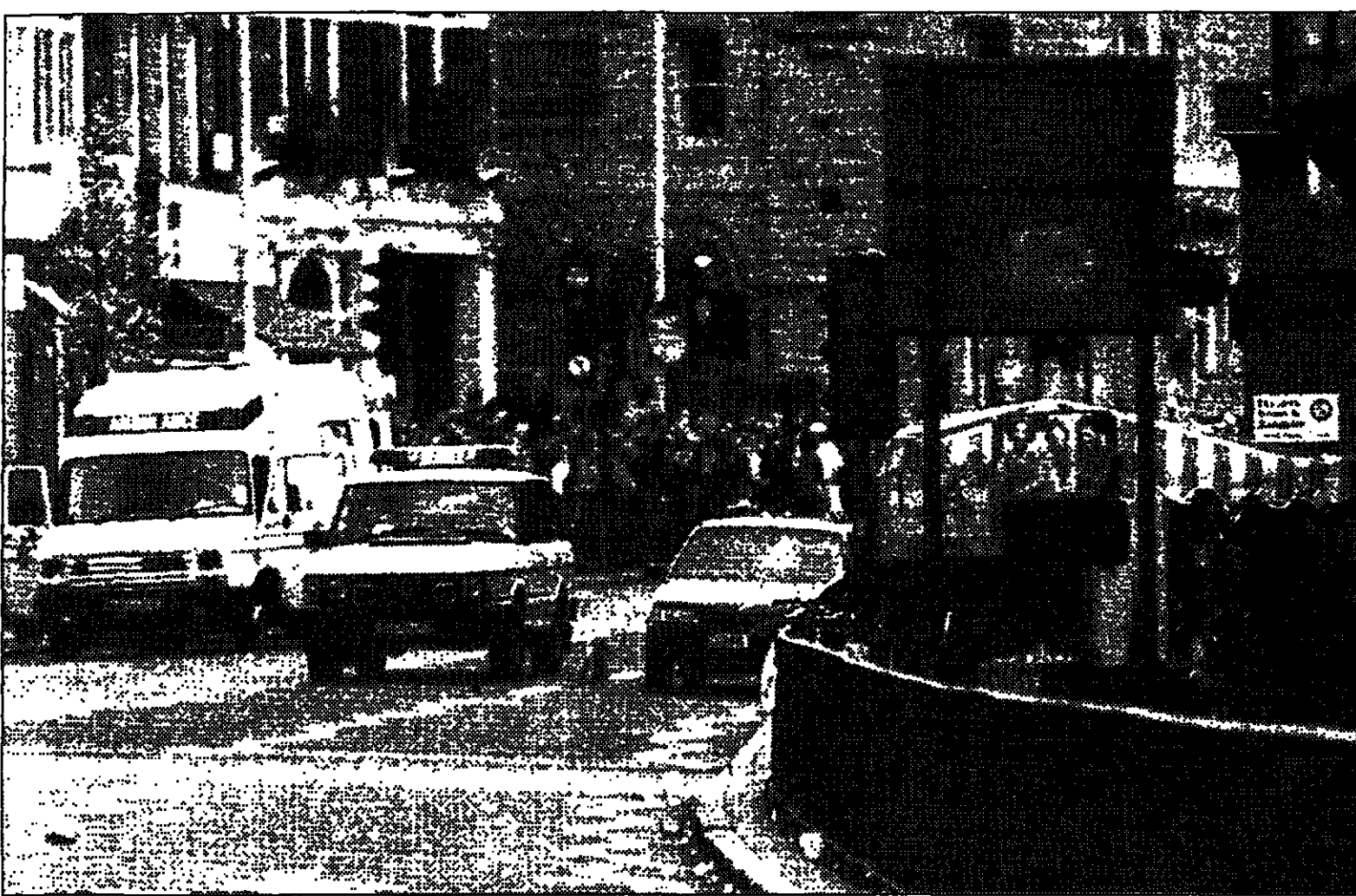
**T**RADe Secretary Ian Lang is in a bind. Having tried to block a US firm from buying the power generators, National Power and PowerGen, by saying he will not relinquish his golden share, he wakes up to a nasty surprise the next day — the US utilities have simply pitched their tents outside another electricity company's flimsy barricades.

This time it is Midlands Electricity, the company which, ten days ago, the same Mr Lang said PowerGen could not buy because it would concentrate too much power in the hands of the generators.

This is dangerous territory. How will restless Little Englanders on big track senses respond if a US firm is allowed to buy Midlands while British PowerGen is not. Let's hope for his sake they keep their eyes on Brussels. Or that Mr Lang gets a rush of common sense at the time of the MEG, the whole sector to the MEG. Now that would be peaceful.

## Barclays one of many British victims

**Lisa Buckingham**  
On a trend which sees the UK top of the European extortion league



Mayhem... the scene around Barclays in Ealing Broadway, London, after an explosion last month. PHOTOGRAPH BY FRONA HANSON

# A bank ripe for Mardi Gra's picking

**I**T WILL be of little comfort to Barclays Bank, which spent thousands of pounds to protect Thursday's annual meeting and saw police carry out two controlled explosions on a suspect package (actually, a bag of rubbish) outside its Weybridge branch yesterday. But the "Mardi Gra" bomber who is so ruthlessly stalking the group is one of a growing breed.

Not that industrial sabotage, kidnap and extortion are that common in Britain. But the UK does head the European league for the number of product extortion cases each year.

At first sight Barclays appears an unlikely target because it is a financial services company rather than one in the food manufacturing or

retailing sectors. But Andrew Fields, of Sedgwick Risk Benefits, comments that when insurers look at underwriting a company's risk of malicious product tampering or other extortion it will always want to know of recent industrial disputes, factory and plant closures and employee redundancies.

Although the identity of Mardi Gra is still unknown, the lack, as yet, of a ransom demand, coupled with the substantial job cuts across the banking industry, make it likely that the perpetrator is a disgruntled former employee.

Apart from sabotage undertaken by liberation groups, such as animal campaigners, which tend to demand the cessation of certain operations or the freeing of animals, most

cases of blackmail against corporations are driven by potential gain.

Mr Fields says there is a close correlation between socio-economic conditions and the level of industrial blackmail.

Bogota in Columbia is currently the kidnap capital of the world — there were 1,325 incidents between 1989 and 1995, according to figures from the specialist Control Risks Group, compared with just 19 in the UK.

But kidnap is regarded as an "unsophisticated" form of

extortion. Contaminating or threatening to contaminate products is a far more demanding business.

Cases such as the shards of glass and metal in Heinz and Cow & Gate baby foods, which helped give rise to the introduction of "tamper apparent" food packaging in the late 1980s, are now part of corporate folklore.

But figures from Control Risks reveal there were 25 cases of actual or threatened product contamination in Britain in the first half of last year alone.

The year before, 38 retailers were targeted, 14 food manufacturers were held to ransom and 26 other companies felt the panic of being blackmailed.

And, although the detection

rate for industrial extortion is regarded as high, only 25 arrests were made in 1994.

Thus Barclays is far from being an isolated target. As the bank's customers weigh up whether to withdraw their accounts rather than run the risk of a bomb attack, similar considerations are underway among consumers in Germany, where the Aldi supermarket group is being targeted by a bomber demanding \$650,000 (£430,000).

Only two weeks ago, coinciding with the £13 million ransom paid to the kidnappers of German industrialist Jan Philipp Reemtsma, an extortionist threatened to poison and 26 other companies felt the panic of being blackmailed.

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## Colorvision hit by OFT blunder

**Faulty statement rocks troubled electrical group, writes TONY MAY**

**A**N EXTRAORDINARY blunder by the Office of Fair Trading wiped nearly 40 per cent off the market value of Colorvision, the troubled electrical retailer, yesterday.

The OFT issued an incorrect statement saying that the Liverpool-based group's consumer credit licences would be revoked, a move which would lose it half its annual profits.

The group's shares plunged by 10p to 16p but recovered an hour later when the correct statement was issued.

This said that Colorvision may keep its consumer credit licences after promising the OFT that it will restructure the business and change the group's board. The news pushed the shares up to 24p and will help secure the jobs of 750 employees.

The OFT said it would not oppose an appeal against its decision to revoke the licences after the company promised that the Michaelson brothers, Bernard and Neville, who founded the group, were going to "substantially reduce their shareholding, retire from the board and undertake to

play no part in the management of the group."

After negotiating long into the night with the OFT, the brothers said they would hand over nearly 30 per cent of their controlling shareholding for no payment to new directors.

Brian Wolfson, former chief executive of the Granada group, has become executive chairman with immediate effect while Adrian Collins and Anthony Rawlinson will join the group as non-executive directors.

John Bridgeman, the director-general of fair trading, said he was satisfied the changes would resolve the problems which led to the licence revocation.

The final decision on whether the group can keep its licences, which provide more than half the group's profits, rests with the Trade and Industry Secretary, Ian Lang.

The group warned yesterday that it would make a loss of £4 million for the current year and could not pay a dividend.

The OFT said in January that Colorvision had failed to provide a sufficiently high standard of customer service.

The company accepted that it had been convicted of 20 violations of consumer law in 11 years — mostly for advertising offences — although it said it had improved its practices since the last conviction in 1994.

## Jobs halt eases rate fear

**Mark Tran in New York**

**W**ALL STREET fears of an early rise in US interest rates to contain an overheating economy eased yesterday as it emerged that this year's steep rise in new jobs had unexpectedly ground to a virtual halt.

But President Clinton, fighting for re-election in November, took heart from a fall in the unemployment rate to 5.4 per cent in April — its lowest level for 14 months.

Economists had expected the economy to create 125,000 jobs. Slow employment growth reassured the bond market after Thursday's

fright following news of first quarter economic growth of 2.8 per cent — much higher than anticipated.

Bond and stock prices yesterday recovered after sharp falls on Thursday. The benchmark 30-year treasury bond gained almost half a point, pushing the yield down to 7.03 per cent. The stock market was up 18 points at 5516 at lunchtime, but plunging 77 points on Thursday.

Weak job growth in April came after big increases of 178,000 in March and 631,000 in February. For the first three months jobs increased by a healthy 221,000 a month. But the job market stood still last month as the economy

shed 53,000 construction and 17,000 manufacturing jobs despite the end of the General Motors strike.

The April unemployment figures should take considerable pressure off the Federal Reserve, the US central bank, to raise rates sooner rather than later. The Fed is expected to wait for more detailed information on the economy before it takes action.

The Fed cut rates three times last year, paving the way for the current rise in economic activity.

The Wall Street consensus is that the Fed will tighten in the summer with perhaps another move after the presidential election in November.

## News in brief

### Eurotunnel in new debt talks

A fresh round of negotiations between Eurotunnel and its bankers is expected to begin within the next few days, according to banking sources.

Though the agenda for the talks has not been set, Eurotunnel is expected to ask the 226 banks to which it owes a total of more than £5 billion to swap at least part of the debt for shares in the project.

Last September Eurotunnel, which lost £925 million in 1995, unilaterally suspended interest payments on its debt mountain. Subsequent negotiations between the company and its bankers have made little progress.

### Success for small firms

Stronger performances by small businesses have aided the slow growth in the new motor finance market complemented its business in home improvement finance, where its subsidiary, First National Bank, is said to be a market leader.

Tim Ingram, chief executive of First National, said: "This furthers Abbey National's aim of diversifying profit streams away from its traditional business areas."

Consumer credit contributed £49 million to group profits for 1995 and this acquisition will enhance earnings immediately. "The sale of Wagon, which employs 390 people and has about 150,000 customers, was flagged at the time of the merger between Express Newspapers' owner, United News, and M&L, the group with interests ranging from television to money-broking and headed by Lord Holford."

Wagon has about 5 per cent of the used-car finance market and a loan book of some £350 million.

Although the used-car finance market is estimated to be growing at about twice the rate of the new-car market and expansion is predicted to remain strong, M&L wanted to dispose of the business in its attempt to concentrate on the media sector. The company has said, however, that it does not intend to sell its money-broking operation.

## Solicitor's fee gamble sways appeal court judges

**Teresa Hunter and Richard Colby**

**F**ORMER RTZ employee who is claiming that his work gave him throat cancer has won an unprecedented court victory allowing him to pursue his case in England.

The victory could have serious implications for multinational companies and their employees injured in accidents abroad.

Edward Connelly, a 45-year-old Scot who has throat cancer, has persuaded the Court of Appeal to reverse its ruling that claims for compensation from the mining group would have to be pursued in Namibia, where he worked as a foreman for the RTZ subsidiary Rossing Uranium.

The court has decided that the case can proceed in England, after Mr Connelly's solicitor agreed to work on a "no win no fee" basis.

An action is not normally allowed to proceed in England if it could be tried more conveniently abroad. Other factors, such as the whereabouts of potential witnesses made it marginally easier for the trial to be in Namibia, so the English proceedings were stayed.

Because legal aid is not available in Namibia, Mr Connelly argued that he would not have been able to pursue his claim abroad. His ill-health has left him penniless.

Last year the Court of Appeal accepted RTZ's argument that the Legal Aid Act required that the availability

of legal aid be disregarded in deciding where the action could most conveniently be tried.

Mr Connelly's solicitor, Richard Meeran of Leigh Day, subsequently agreed to proceed on a "no win no fee basis" — an arrangement that was allowed in Britain only last July — and returned to the Court of Appeal.

The court decided that, given Mr Meeran's offer and the fact that an action in Namibia was not feasible on financial grounds, England was the most convenient venue. Unless RTZ now decides to offer compensation, there will be a trial.

Last night an RTZ spokeswoman would not comment beyond saying the company was considering its position.

**TOURIST RATES — BANK SELLS**

Australia 1,8250	France 7,4950	Italy 2,300	Singapore 206
Austria 1556	Germany 2,2250	Malta 0,930	South Africa 25
Belgium 4570	Greece 3570	Netherlands 2,4900	Spain 185,25
Canada 1,9250	Hong Kong 11,41	New Zealand 2,1250	Sweden 10,14
Cyprus 0,6850	India 51,87	Norway 9,82	Switzerland 18
Denmark 8,62	Ireland 0,9375	Portugal 230,00	Taiwan 107,41
Finland 7,16	Israel 4,21	Saudi Arabia 5,60	USA 1,4650

Source: Reuters Bank Selling Program Table and Reuters Bank

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# Campaigners hit out at EC formula on chemicals

Julie Wolf in Brussels

**A** REPORT on the chemicals industry published this week by the European Commission looks certain to provoke controversy among environmentalists and some of Europe's "greener" member states.

Among the document's main conclusions is that regulations vary too much from one European Union country to another, with some nations seeking to impose tougher environmental standards than those called for by EU laws. The commission urges "consolidation, updating and/or simplification of the current regulatory framework".

The report says environmental rules should be based on "a sound approach" involving scientific evaluation

of the risks, a cost-benefit analysis of the remedies and a comparison with similar legislation outside the EU.

The aim should be to produce regulation that is "the simplest and the least costly and which ensures a high level of health and environmental protection", according to the document, drawn up by the industry Commissioner, Martin Bangemann.

The commission's findings were welcomed by the chemical industry as a "very positive" contribution. "We're not talking about deregulation, we're talking about proper regulation," said Mike Cockburn, communications director of Cefic, the chemical industry's European federation.

"We can't afford to have regulation based on emotion and we can't have different regulation within the EU. Because if we have, it will make us less

competitive with our neighbours."

The report rang alarm bells with environmentalists. "This effectively is a deregulatory approach," said Alan Watson, senior campaigner on industry and pollution at Friends of the Earth. "There is a lot more to be done in terms of assessment and cost-benefit analysis. But what we want to see is the avoidance of risk."

Friends of the Earth argues that the best way to enhance the competitiveness of European industry is to aim for the highest possible level of environmental protection that guarantees "zero discharge of toxic, persistent and bio-concentrating chemicals".

Stringent environmental rules would force companies in the vanguard, by pushing them to develop less polluting alternatives before their rivals in America and

Japan, said Mr Watson.

The report is likely to heat up a debate between EU governments that has been simmering since the union expanded last year to include Austria, Finland and Sweden. These countries have lined up with Germany, the Netherlands and Denmark to press for tougher EU environmental rules as well as the right to go their own way if they are not satisfied with EU standards.

This approach risks undermining the EU's internal market, the commission said. According to Mr Cockburn, there are already legislative differences between EU member states for eco-taxes, packaging, vehicle emission limits and labelling.

In some areas, such as German recycling rules, the commission has challenged national measures as contrary to single market laws.



Frenchman who bottled secret of success calls it a day at 78

**ANTOINE RIBOUD**, who built the Danone group from a small glassmaker into one of Europe's leading food groups, known in Britain for its yoghurt, announced his retirement this week at 78.

His son, Franck, pictured right with his father, takes over Danone, which was created in 1966 when the family's Souchon-Neuvessel company was merged with flat-glassmaker Boussais. Antoine bought up firms

making things that could be put in glass bottles, including brewer Kronenbourg and Evian mineral water. Generale Biscuits and EJR Nabisco's European biscuits and snacks business followed. PHOTOGRAPH: PHILIPSON

## BT plugs into its Italian connection

JOHN GLOVER in Milan on tie-up with Mediaset

**M**EDIASET, the media subsidiary of former Italian prime minister Silvio Berlusconi's Fininvest, acquired a new partner this week and distanced itself a little further from the political misfortunes of its owner.

BT, the partner, transformed what was formerly a foot in the door of one of Europe's leading telecoms markets into something more promising and Siet, the state-owned telecoms company, found itself facing a new competitor.

BT already has a joint venture in Italy called Albacom. Its partner is Banca Nazionale del Lavoro, a large, state-owned bank. Under the deal, Albacom Holding, a new company which will be incorporated in the UK, will spend 170 billion lire (\$74 million) on a 2.4 per cent stake in Mediaset, which it will buy directly from Fininvest. When Mediaset is floated this summer this will be diluted to 2 per cent.

Mediaset will take a 30 per cent stake in Albacom's operating company, probably to be called Albacom Industriale, partly by transferring assets, partly by handing over cash.

Through Albacom Industriale, BT will have the means "to take full advantage of the opening of the Italian market to compete in the whole of it", according to Pat Gallagher, BT's European director.

Mediaset brings with it "infrastructure and expertise", said Mr Gallagher. The exact nature of Mediaset's expertise is vague. But certainly the company is a world-beater at selling things, from pasta to politicians and, with an initial offering of shares to the public looming this summer, itself.

The infrastructure advantage is clearer. Finding a place

to site telecoms hardware is a huge problem for anyone hoping to build a network. Mediaset already has around 1,800 microwave bridges installed to carry its TV signals. These sites offer perfect locations to install plant to carry phone signals.

The attractions of the Italian market to foreign suppliers are also clear. Italy is the fourth-largest telecoms market in Europe and is growing quickly. Italian businesses are happy to deal with foreigners. Though he is cagey about the details "BT and the board are committed to invest what it takes to be successful", says Mr Gallagher.

This could be anything between 2500 million and \$1.5 billion, according to Alfred Mockert, in charge of global strategies for BT, quoted in an Italian daily newspaper. The exact amount will depend on how fast the market is liberalised and on how it matures.

It will also depend on whether a future Albacom-led consortium wins the licence to build the country's third mobile phone network. This is expected to be assigned later this year. BT has been in a huddle with Snam, a gas utility, which owns a fibre-optic "backbone" network. That, plus Mediaset's sites, will reduce the cost of building a nationwide cell network independent of Siet companies.

Meanwhile, Fininvest is further along the road to reducing its control of Mediaset to below 50 per cent and rescuing former premier Mr Berlusconi from accusations of a conflict of interest.

Following the Albacom deal, Fininvest owns 69.6 per cent, with the rest held by institutions and partners. The flotation this summer will reduce its stake to below half. That will not affect final control, which will remain with Fininvest. But it will make it a lot easier to sell Mr Berlusconi to sceptical voters.

source said, adding that the two companies' market share in nine EU countries ranged from 18 per cent to more than 60 per cent.

Ciba-Geigy and Sandoz have combined worldwide turnover of more than 20 billion euros (\$21.6 billion), with 5 billion euros of this in the EU, well over the thresholds set out in the EU's merger regulation.

The commission said that Novartis, the company to be formed by Ciba-Geigy and Sandoz, would have market shares of "well above 50 per cent" for fungicide and seed treatment products, especially in France.

Under EU rules, the commission now has up to four months to rule on the case. Although it has blocked only five mergers in the past five-and-a-half years, it often requests changes to guarantee competition.

## Eaux fights to stop cash leak

Keith Harper

**T**HE embattled French utilities group Compagnie Générale des Eaux is fighting to restore its reputation. Stung by accusations of corruption and licking its wounds from its first loss in 100 years, of 2437 million, it is determined to re-establish its position as one of the most important conglomerates on the other side of the Channel.

It needs to do this in Britain as well as in France because it has just won the contract for British Rail's Network South Central, responsible for commuter services from Surrey and Sussex to London. The company passed the test set by Roger Salmon, the rail franchise director, who examined its books closely and passed it fit to run the public service.

Yesterday, one of its senior directors, François Peter, who heads rail operations, told the Guardian that the company would be back in the black by the end of the year.

His son, Franck, pictured right with his father, takes over Danone, which was created in 1966 when the family's Souchon-Neuvessel company was merged with flat-glassmaker Boussais. Antoine bought up firms

been making in 1994. It hopes to limit this year's property losses to 1 billion francs (\$128 million), and is optimistic about general activities, particularly sewage and water treatment.

The firm maintains a defensive posture over nine corruption inquiries against senior managers. The French legal system requires magistrates to examine the issues before deciding whether any charges should be preferred. It is a long process, and Mr Peter emphasised that no charges had been laid.

He stressed that the group was far-flung. It has a turnover of £18 billion, and includes 2,500 separate companies, of which more than 700 are outside France, with 215,000 employees.

Established in 1853 to provide drinking water for French cities, the group has grown to embrace energy, waste management and telecommunications.

It has also developed a thirst for British companies, and either owns or has direct interests in 50.

For political reasons, the French company has discreetly played down its involvement in Britain.

Since 1986, it has invested £1 billion in all its group sectors, the most significant being water. In the UK it employs about 20,000 people and has a turnover of around £1.5 billion.

## Swiss drug-company merger runs into trouble with regulators

Julie Wolf in Brussels

**S**WISS pharmaceutical companies Ciba-Geigy and Sandoz will have to make changes to their planned merger if it is to be cleared by European Union competition authorities, EU sources predicted.

The commission yesterday launched an in-depth investigation into the deal, which will create the world's biggest supplier of crop protection products and second largest pharmaceutical company.

The commission said that a one-month preliminary inquiry had found that the two companies' activities overlapped in sectors including pharmaceuticals, crop protection and animal health.

"The concept as it has been notified to the commission most probably will have to be changed," a commission

source said, adding that the two companies' market share in nine EU countries ranged from 18 per cent to more than 60 per cent.

Ciba-Geigy and Sandoz have combined worldwide turnover of more than 20 billion euros (\$21.6 billion), with 5 billion euros of this in the EU, well over the thresholds set out in the EU's merger regulation.

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Tim Smart in Budapest

**A** NEW arms race is starting in central Europe. This time, though, the competitors are Western arms manufacturers, all vying to supply former Warsaw Pact countries with jet fighters.

Hungary is due to issue a tender later this summer for 30 jets to replace ageing Soviet-made Mig-21s, in a contract expected to be worth \$1.2 billion (\$500 million).

Poland and the Czech Republic are watching with interest. They, too, will replace outdated hardware in the next two years.

Five companies will be invited to bid for this contract: Lockheed Martin of the US with its F-16 Falcon; the Dassault-Breton Evron of France; the Russian company that makes the MIG-29; Sweden's Saab Gripen; and McDonnell Douglas's F-18 Hornet.

Saab has forged the closest links with Hungary, the start of the year, Hungary signed a memorandum of understanding with the Wallenberg Group, a conglomerate which produces 40 per cent of Sweden's gross domestic product. Wallenberg owns Saab, Scania and Ericsson.

The Gripen, which first flew

in 1988, has only been sold to the Swedish air force up to now. To encourage Hungary to purchase the craft the Wallenberg group is offering an investment and export promotion package, which will offset the cost of the jets, as well as a long-term financing package.

According to one source, the value of these contracts is worth 120 per cent of the cost of the jets.

This battle for trade is not simply along national lines. Saab has teamed up with the UK's largest defence manufacturer, British Aerospace, which will provide the technical back-up. The Gripen is also powered by an engine designed and licensed by US corporation General Electric.

But the Swedes can also play the emotional card - Raoul Wallenberg was a hero in Hungary for saving thousands of Jews during the second world war.

US firms were handicapped by US policy. Up until Decem-

## West battles to arm old Warsaw Pact member

Ian Traynor in Bonn

**D**ESPITE an avalanche of data highlighting gloom and despondency over the German economy, the world's biggest business fair, at Hanover in northern Germany, closed this week on a surprisingly upbeat note.

Two successive quarters of recession, more than six million people unemployed or under-employed, and the lowest predicted growth in the European Union this year are some of the facts about Germany. But the six-day Hanover fair continued to break records, suggesting that the mood among German business leaders is much cheerier than it is politic to let on. The

Gripen, despite a crash on a test flight, is favourite. "They are looking at a 'European solution'," said one diplomatic source in Budapest. In the parliamentary corridors the leader is talked of as the "Gripen affair".

The Russians are the jokers in the pack. Already bristling at its former satellites talking to Nato, they are also loath to lose arms contracts to the West.

The best hope for Russia is if Hungary's economy takes a turn for the worse. Hungary's 28 Mig-29s in 1994 to pay off a portion of Soviet debts incurred before 1990.

Russia still owes Hungary about \$500 million. This solution would mean no cash changed hands and would prevent Budapest having to decide between the US, France or Sweden.

fair was initiated by the British occupying power in 1947 to spur post-war Germany's world trade performance. Despite its current troubles, Germany's export record remains impressive, as reflected in the Hanover statistics.

The number of foreign visitors to the fair, 80,400, was up 30 per cent on the previous year, perhaps helping to explain why yesterday's monthly economic report from the respected Frankfurt Allgemeine newspaper noted that "foreign orders have risen strongly". The figures for February were up nearly 4 per cent on January and the March year-on-year export figures rose 7 per cent.

The six leading economic think-tanks have predicted 1996 export growth of 3.5 per cent. Last year's export performance, with 3.8 per cent growth, saw a fall in the principal target area of western Europe but double-digit increases in exports to post-communist eastern Europe and areas of south-east Asia.

This was reflected in the visitors to Hanover, from more than 100 countries. The lower number of west Europeans was more than offset by the rise in visitors from eastern Europe, the US and the Far East.

Overall attendance at the fair rose 12 per cent to 336,000. It is estimated that almost a third arrived with specific investment plans and three out of four were contemplating specific orders.

## Fokker 'saviour' close to assembling the finance

Financial staff

**A** RUSSIAN consortium is reported to be close to assembling the finance to allow it to buy parts of collapsed aircraft manufacturing operations of the Dutch group, Fokker.

The consortium, known as Russian Aircraft Manufacturing, held talks with Fokker last month but the negotiations ended inconclusively. The money question of money

is thought to be one of the unresolved issues.

The Dutch newspaper, de Volkskrant, yesterday quoted an unnamed official of Swiss banking group UBS as saying that a financing package was almost complete.

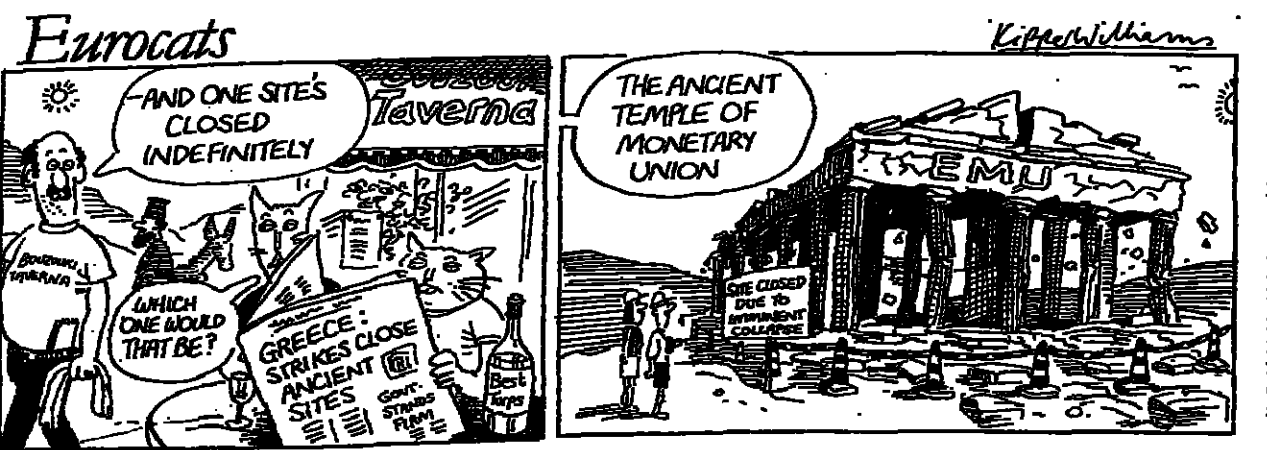
Fokker was unable to confirm the report. A spokesman for the company said: "We have not had an official signal from the Russian group that they are ready to start another round of discussions."

UBS officials in Zurich and

London said they were not able to comment on the report.

De Volkskrant said the consortium now had between 370 million guilders (\$145 million) and 600 million guilders with which to buy and recapitalize Fokker's operations, with a view to building 45 aircraft a year, safeguarding the jobs of 2,500 Dutch workers.

Fokker's collapse in March threw 5,600 out of work in the country's largest single mass redundancy.



**Update**

- A two-day strike closed four of Greece's best known archaeological sites with culture ministry employees threatening to padlock the Acropolis in the coming week.
- The employees, who are seeking higher wages and more benefits, closed popular sites at Olympia, the Minoan Palace and ruins at Knossos on the island of Crete, and the main archaeological sites on the islands of Santorini and Rhodes.
- The socialist government, under prime minister Costas Simitis, has ruled out any more wage increases for the public sector, saying that they would derail Greece's efforts to achieve monetary union with the rest of the European Union by the end of the century.
- The Polish government has approved a mid-term plan to reform the ailing hard coal mining sector by cutting jobs and output and closing some unprofitable pits.
- The scheme calls for a reduction in output by some 20 million tonnes annually from the current 135 million tonnes and the shedding of 80,000 jobs to about 170,000 by 2000.
- The European Union's trade surplus soared to 12.5 billion European currency units (£10 billion) in the first nine months of last year from 100 million euros in the same period of 1994, Eurostat said this week.
- The EU's statistics office said exports between January and September 1995 totalled 416.1 billion euros, up 9.6 per cent on the same period the previous year. Imports were 403.6 billion euros, up 6.3 per cent.
- Belgian airline Sabena could be on a collision course with the unions over management plans to cut costs by 1.7 billion francs (£100 million). The new management is seeking to make the airline profitable by 1998.

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# Finance Guardian

Sir Iain Vallance and Sir Peter Bonfield stepped from their chauffeur-driven Mercedes to make BT's case for a £35bn merger to the board of Cable & Wireless. The two men left and the directors kept on talking. A phone call just after 4 o'clock delivered their verdict...

## The day a deal died

**T**HE dream of creating the world's largest telecommunications group ended at just after 4pm on Thursday with a telephone call. All day British Telecom chairman Sir Iain Vallance had been mulling over his proposed £35 billion merger with Cable & Wireless.

With his chief executive, Sir Peter Bonfield, he had been driven across the City of London in the chairman's Mercedes to meet their potential partner. Arriving at 10am, they spent half an hour making a presentation to the C&W board.

**Report by Nicholas Bannister, Simon Beavis, Lisa Buckingham, Roger Cowe, Patrick Donovan and Andrew Higgins in Hong Kong**

Financial details of what would have been the biggest corporate deal in the history of the City were apparently not discussed. Indeed, BT directors privately felt C&W had been dragging its feet in providing financial information. Perhaps BT directors

knew even then that the deal was about to go badly amiss. The BT directors left the room and the C&W board continued talking. The longer the debate, the more certain became the directors that there was no future for the deal.

It was left to the quietly spoken C&W chairman, Dr Brian Smith, to ring Sir Iain with the decision. Dr Smith met Sir Iain later at BT's headquarters in the shadow of St Paul's Cathedral to draw up a joint statement to be made to the Stock Exchange.

Dr Smith was candid about the weeks stretched on, the latter seemed to promise "a long stay in limbo". At the beginning of April he instructed senior directors to give it three more weeks to try to make substantive progress.

The question put to Thursday's board meeting was what progress had been made. "I'm afraid the answer was not very much," Dr Smith said. Both sides had said the devil would be in the detail and they eventually blamed regulatory uncertainty in Britain, and problems with overseas partnerships and licence agreements for the breakdown.

Yet in the end the collapse was caused by disagreement on the basic issue of value. C&W felt its shareholders would not benefit from a deal on BT's terms while BT believed C&W was holding out for too high a price.

The deal's complexity made valuing the shares almost impossible. For example, C&W had to find buyers for its stakes in Mercury Communications and Mercury One-2-One which BT would not be allowed to own for monopoly reasons.

In Germany both groups had links with competing utilities - BT with Vieg and RWE and C&W with Veba. In the Far East, there was uncertainty about how Beijing would react to BT owning C&W's controlling stake in HongKong Telecom.

David Barden, analyst at JP Morgan in Hong Kong, said: "If you have to point to one thing that broke this deal I think most fingers will point at China's hesitation. The name British Telecom is just not going to fly out here."

Failure is a bitter blow for Sir Iain Vallance who hoped to crown a lifetime career with BT by establishing it as the world's leading telecom company. Merger with C&W would have completed the group's global span by giving it a Far Eastern hub.

BT yesterday tried to show that its expansion in the Asian Pacific region has not been checked, announcing preliminary agreement with Hongkong Telecom to sell its Concert package for multinational companies.

### Where they stand — BT

BRITISH Telecom has been cultivating foreign telecom operators as part of its plan to become a global company. In Europe a series of alliances has been stitched together to create challengers to the leading operators once liberalisation allows competition after 1998. In Asia, BT has sought alliances with established market leaders.

The main vehicle for BT's services to global customers is Concert, an operation owned jointly with MCI, the second-largest long-distance operator in the United States. BT spent £2.8 billion to buy a 20 per cent shareholding in MCI in 1993, and the two are investing \$600 million in Concert. Concert offers a unified package of services to multinational companies, to help them leapfrog national boundaries and divisions between voice and data transmission.

### Where they stand — C&W

THE heritage of empire has left Cable & Wireless with a motley collection of interests around the globe, the pearl being Hongkong Telecom. Arguments about the best way to exploit these far-flung interests have been behind recent rows within the group.

Cable & Wireless owns 57 per cent of Hongkong Telecom, the colony's domestic and international operator and the group's main profit contributor. That company's prospects are overshadowed by the imminent takeover by the Chinese, but Hongkong Telecom is in a position to capitalise on burgeoning telephone business in China itself.

Like other operators, C&W has been building alliances around the world, notably with North American companies. BCE, the parent of Bell Canada, owns 30 per cent of Mercury, while US West has a half share in Mercury One-2-One. C&W has so far failed to gain a sizeable toehold in the US. It has a small operation providing long-distance services but claims only 1 per cent of the market.

Slightly more significant is the group's Caribbean business. This is based largely on the monopoly local services which C&W has always provided and which continue to be highly profitable. In Europe, C&W's most important venture is with Veba, a German conglomerate.

shortly. His task will be to forge a new direction for the group. The concept of C&W as a "federation" of companies helping each other - advocated by former chairman Lord Young and then chief executive James Ross - has failed to deliver on profits and return to shareholders.

The new management team will have to convince City institutions that its strategy will lead to growth in profits, dividend and share price. Results due later this month should provide a start.

Rod Olsen, C&W's acting chief executive, yesterday said there was no logic in a break-up. "What will people who have granted us licences think if we do that? They might decide to take licences back."

There was "stored value" in the group, whose businesses were in different states of maturity in different parts of the world. There had been significant interest in Mercury, but the company was now not up for sale. "You cannot seriously be a player in the Europe scene if you sell your largest asset there. It would be bonkers."

The City was yesterday divided on where the collapse of negotiations left the participants. One analyst said C&W must concentrate on trading performance. "They have had a nasty experience with this one which has been a big waste of their time. The new chief executive will want to go back to the drawing board."

He said BT was left with "a big strategic hole" and would be under pressure to pull off a big deal. This view was contradicted by a leading fund manager

who said: "C&W is vulnerable. Apart from Hong Kong, it is dependent on the global market because it has no strong domestic base."

"If it is not to merge with BT then it will merge with someone else. I suspect this will take place this year rather than next."

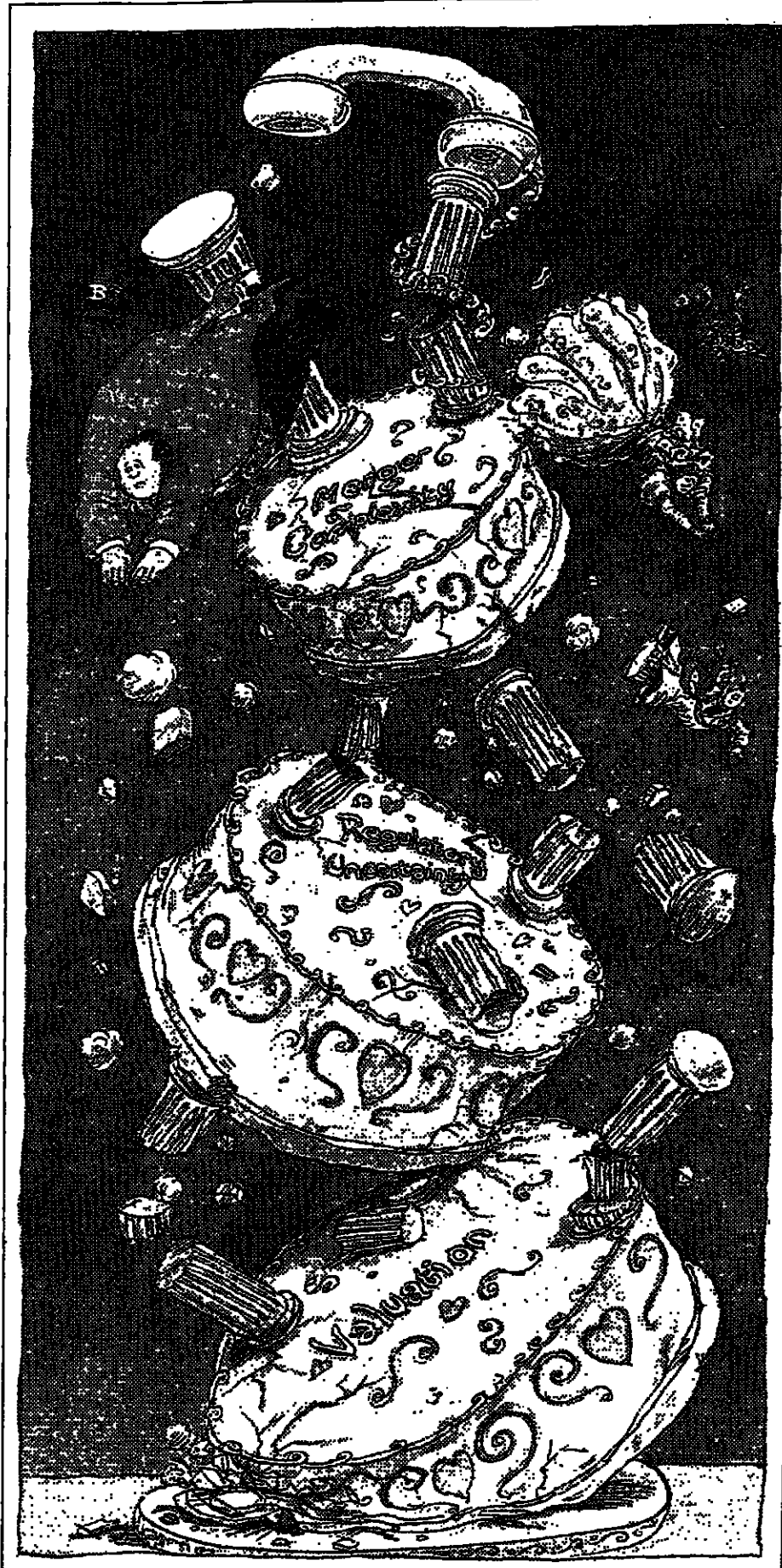
A number of shareholders argued that BT needs to deliver a coherent statement on its strategy to offset potential pressure from investors for changes to the top.

A more tolerant view came from another fund manager: "Running BT and achieving its objectives is a terribly difficult job. I can't see other telecoms giants which have actually achieved what BT was attempting, although they are all looking at it. In those circumstances it would be churlish to criticise the board for trying and having failed."

Sources close to BT and C&W said that, like most similar merger attempts, the bankers and financial advisers involved in the discussions were working on a success fee basis.

"The companies will have got a good deal out of the City on this one," said one executive. "The cost won't be something you'll notice very much in the annual profit figures. It will run to hundreds of thousands of pounds, yes. But the £50 million to £100 million charges we've seen on other deals would only have appeared if the merger had gone through."

Failure will sadden Richard Shears, the merchant banker who led the Goldman Sachs team for C&W. He first suggested a BT/C&W merger years ago to his father Eric - then chairman of C&W.



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**Funny game, football**

**20**

**Roger Cowe**

**T**HE football season reaches its climax over the next week. On Sunday, Manchester United will probably steal the Premiership from under the noses of Newcastle United.

That's the Carling Premiership, of course. Sharp Manchester United and Newcastle Brown Newcastle United, to give the sponsors their full due.

And next weekend sees the end of the long road to the cup final when the two top teams walk out on Wembley's hallowed turf. That's Grimthorpe Miners Social and Welfare, and Dawlish Social Club.

It is true that on the Saturday will play Liverpool in the final of what used to be the FA Cup, but now seems to be the Littlewoods FA Cup. But the final of the Carling Pub Cup takes place the following day when the two social club sides compete in what for them is probably a most important match in the world.

Carlsberg will be the winner on both occasions. As sponsor of Liverpool, the lager brand will be splashed across televisions around the world during the FA Cup Final. And it is behind the competition that involved hundreds of teams whose playing ambitions usually stretch no further than hacking out a Sunday morning victory on the local playing fields, while nursing their hangovers. More than 400 pub and social club teams started on this trek last autumn.

Just to make it probably the busiest weekend for any sponsor anywhere, Carlsberg also has its name on the FA Vase, the final of which also takes place next Sunday.

It shows how far sponsorship has infiltrated sport, probably to the extent that the tense finish to the Premier League has probably been used by all sports authorities to support more than just the leading players and clubs. The Pub Cup is "total football". That unfortunate phrase, coined by commentators to describe kick-and-rush matches, means that the Football Association is using Carlsberg's sponsorship at all levels throughout the country, rather than giving more money to rich clubs like Manchester United which are strong enough to look after their own deals.

And who knows, it is probably better for business to put money in at the grassroots than at the pinnacle, although Carlsberg is covering itself by also being the "official beer" of the European football championships this summer.

Pubs are probably as important to many fans as the clubs they support, as has been all too evident over the years from the rampages of drunken hooligans. Drugging in crowds to watch the cup ties will be welcome to publicans.

That raises what is probably the worst aspect of this sponsorship.

What on earth are we doing associating alcohol with sport, especially a sport like football which has such an influence on children?

Even if it is probably the best sponsorship deal in the world, it is probably barmy.

**Quick Crossword No 8117**

**Solution No. 8116**

**Across**

- 1 Writer of 17 & 22 (6,1,6)
- 8 Violent tropical storm (7)
- 9 Live (5)
- 10 Top (4)
- 11 US Defense HQ (8)
- 13 West Pyrenean person (6)
- 14 Force (6)
- 17 & 22 Story of a holiday afloat (5,3,2,1,4)
- 19 Sharp, sour (4)
- 21 Fragrance (5)
- 22 (see 17)
- 24 Likely expenditure needed (9,4)

**Down**

- 1 Aircraft - nozzle (3)
- 2 Quill (7)
- 3 Tie up - an old North African (4)
- 4 Dog-house (6)
- 5 Voting (8)
- 6 Due (5)
- 7 Twisted together (9)
- 10 Act as umpire (9)
- 12 Trepid (8)
- 15 Small frute (7)
- 16 Oppose (6)
- 18 Perch (5)
- 20 Difficult - firm (4)
- 23 Little child (3)

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